

LOVELL

for CONSTRUCTION

FINANCIAL TIMES

No. 27,320

Wednesday July 13 1977

**12p



CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.6; GERMANY DM2.0; ITALY L.500; NETHERLANDS F.1.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.1.25; SWITZERLAND Fr.2.0; EIRE L.20

NEWS SUMMARY

GENERAL South Africa plan by EEC

Foreign Ministers of the European Economic Community yesterday agreed to explore practical ways in which investments by European companies in South Africa could be used as a lever to bring about economic and social changes there.

The idea was proposed by Dr. David Owen, Foreign Secretary, at a political co-operation meeting in Brussels. Back Page.

Carter wavers on neutron bomb President Carter implied yesterday that he was in favour of the neutron bomb but stated that he had not yet decided whether to deploy the weapon which kills people by radiation while causing minimal blast damage to installations. Back Page.

Juherillas attack Rhodesia club Nationalist guerrillas who made a rocket and small arms attack on the Shangani club, 65 miles east of Bulawayo, killed one black and wounded three white children. Lusaka, Zambia, wearing a new military uniform, topped up a general's gold braid, peaked cap and medals. Joshua Nkomo, joint leader of the Patriotic Front, said he had requested a meeting with Dr. David Owen, Foreign Secretary. Back Page.

Irish visit threat to Queen Queen Elizabeth II is expected to give the Queen a taste of the "rough" she has had to experience since her August 10 Jubilee visit to Northern Ireland.

Ink bomb attack on MPs Women last night caused a disturbance during a Commons session on the Abortion Bill, shouting "shouting on the floor" and throwing ink bombs and streamers.

Finland to hand over skyjacker Russian skyjacker, aged 19, who seized a TU-104 aircraft on Sunday night, and surrendered yesterday at Helsinki airport, are to be handed over to the Soviet Union under extradition treaties, Finland said.

Mark admits to carrying a gun Robert Mark, former Metropolitan Police Commissioner, said last night on a BBC 1 programme that he had carried a gun in Britain, but admitted even in retirement, he carried a gun for his own protection.

Brearely is to captain hand for the remainder of Test series against Australia. Ireland's win. Page 2.

Robson, Ipswich manager, sacked as favourite to succeed Don Revie as manager of Leeds United soccer team. Page 2.

Lemon, editor of Gay City, was sentenced at Old Bailey to 18 months jail, suspended for 18 months, for publishing a blasphemous libel. The paper was fined £1,000.

News Gardiner of News at Ten saving Independent Television to present Thames 10 on Thames Television in summer.

Michael Debakay, U.S. heart surgery pioneer, said in 1976 that artificial hearts to replace diseased human hearts in future.

Worker died and nine people injured when a heavy explosion tore through a Cassino, Italy, gas bottling plant.

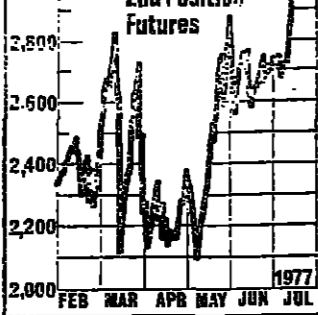
BUSINESS Equities and gilts rally; £ firm

EQUITIES rallied as hopes for a lessening of inflation improved stock market sentiment. The FT 30-Share Index closed at the day's best of 446.5, up 6.5.

GILTS recouped the previous day's losses in this trading. The FT Government Securities Index rose 0.08 to 67.41.

STERLING closed unchanged at \$1.7200, but its trade-weighted index rose to 81 (60.7). Dollar's trade-weighted depreciation narrowed to 1.62 (2.1) per cent.

GOLD rose 50c. to \$141.875. COCOA prices moved up to new peaks on speculative buying. The September position touched £2,985 a tonne, before closing at £2,969, up £124.5 on the day. Page 27. Retail coffee price curb proposed. Page 3.



WALL STREET 4.1.2.8.9.902.41.

EEC BEEF "mountain" is 50,000 tonnes bigger than a year ago and is still growing by 3,500 tonnes a week. Page 27.

JAPAN will take further steps to boost the economy if its growth target of 6.7 per cent for this year is not in sight by next month. Page 6.

Curb sought on Japan van sales U.K. MOTOR VEHICLE industry wants Japan to limit sales of vans in Britain after a big increase in sales of imported vans in the past 18 months. Back Page. Australia has put import quotas on cars to protect its ailing local industry. Page 7.

AIRLINES are seeking permission to put up air fares within the U.K. by between 4 and 10 per cent from November 1. Page 10.

POST OFFICE is sticking to long-term plans to make only one delivery of letters a day. Back Page.

MONOPOLIES Commission will look at the discounts which suppliers give to retailers. It will investigate to what extent discounts are related to cost savings and whether they operate in the public interest. Back Page.

PROVINCIAL building society customers are to receive a discount on Thomas Cook holidays in a new savings scheme. Page 8.

WILKINSON MATCH made record pre-tax profit of £12.35m. (£9.51m.) in the year to March 31. Page 21 and Lex.

INTERNATIONAL TIMBER boosted pre-tax profit to £8.53m. (£5.9m.) in the year to April 2. Page 19 and Lex.

RELOGG and Tropicana in the U.S. have resumed merger talks. Two earlier attempts to reach agreement broke down. Page 24.

Table with columns for RISES and FALLS, listing various stocks and their price changes.

Table with columns for FEATURES and ON OTHER PAGES, listing various news items and their page numbers.

High Court upholds union recognition at Grunwick

BY RICHARD EVANS and NICK GARNETT

Lord Widgery, the Lord Chief Justice, upheld yesterday the arbitration service's report that the Association of Professional, Executive, Clerical and Computer Staff should be recognised at the Grunwick film-processing factory.

But despite a plea from the Prime Minister in the House of Commons that both sides in the 11-month dispute "draw back" so that the court's verdict could be accepted, Grunwick's managing director, Mr. George Ward, made it plain that he would fight the judgment right down the line.

"We have not lost. It is just the first round," he said. "If it will go to the House of Lords if necessary. We will go to the end of the road."

On the dispute's postal front, the National Association for Freedom said that it had "masterminded" an attempted blockade-busting operation at the week-end to beat the boycott on Grunwick by Cricklewood sorters.

Using 250 volunteers, container-trailers, vans and cars, the association, which has been advising Mr. Ward, said it had shifted 1,000 sacks of outgoing Grunwick mail from Willesden. The mail was then posted in various centres throughout the country.

Much of this appeared still to be bottled up in a large number of post offices, with members of the Union of Post Office Workers refusing to handle it and waiting for instructions from their union executive. The executive was due to meet last night and issue a statement on the operation.

After a six-day hearing Lord Widgery dismissed the company's claim for a declaration that the report by the Advisory Conciliation and Arbitration Service was invalid. The advisory service had been right to treat Grunwick strikers, later dismissed by the company, as workers whose views should be taken on the recognition issue.

It had also done all it could to discover the views of those employees still at work, and had been unable to do so because Mr. Ward refused to hand over lists of those people.

Lord Widgery said he was satisfied that during discussions with ACAS about the ballot "Mr. Ward could have supplied these lists at any time, but declined to do so in the belief that he could thereby exercise some control over the proceedings, particularly when such matters as the status of the strikers and the meaning of the ballot were concerned."

In Lord Widgery's opinion ACAS's inquiry had been a formal ballot, and the methods adopted were those within the service's wide terms of reference. The service had been entitled to break off negotiations with

Mr. Ward "in view of his conduct." In the end, said Lord Widgery, ACAS had rightly submitted that it had carried out its obligation to canvass opinion "so far as reasonably practicable."

In the Commons Mr. Callaghan was deliberately trying to keep the temperature down when he said there should now be a "drawn together" of the two parties. He was supported in this by leading Tories.

APEX should withdraw its pickets he said, and Mr. Ward should accept the verdict. "This seems to me to be an honourable settlement for both sides."

Earlier the complex political and industrial issues raised by the Grunwick dispute were outlined by Mr. Albert Booth, the Employment Secretary, when he confirmed that the Government would shortly embark on consultations with both sides of industry to see whether improvements in the law on picketing could be proposed.

He indicated that the talks would cover the contentious issue of whether pickets, with or without the aid of police, should be able to stop vehicles entering premises involved in an industrial dispute to put their case to the occupants.

The Prime Minister, under questioning from Mr. James Prior, Shadow Employment Secretary, said that the Government would be looking at the possibility of a new approach to the problem of industrial action.

Continued on Back Page

Iran is against oil price rise

BY RICHARD JOHNS

STOCKHOLM, July 12. IRAN HAS come out in open agreement with Saudi Arabia, at the Ministerial conference of the Organisation of Petroleum Exporting Countries here, that there can be no further oil price rise in present market conditions and without firm signs of economic recovery in the industrialised countries of the West.

The change in the position of Iran, one of the most militant hawks at last December's meeting, reflected a general consensus that OPEC unity should be maintained following the end to the six months' split over prices.

In an interview this morning, Dr. Jamshid Amouzegar, chief Iranian delegate, said: "As long as there is a glut (of oil) there cannot be an increase in price. Any OPEC moves on this front next year would have to depend on the rate of growth of industrialised countries, he explained.

Elaborating on this theme to-night, in a broadcast recorded for Swedish television, he said: "It is difficult to judge what will happen, but I think the price will be frozen because there is no demand."

He expressed the hope that there would be a slow down in the rate of inflation because the oil producers themselves were affected. "We are in the same camp, the same boat," he added.

More predictably—but with due reference to the restoration of the cartel's unity as a result of the realignment of basic prices—Mr. Ahmed Zaki Yamani, Saudi Minister of Oil, asserted that the price of oil would be frozen for the whole of 1977, but he had to discuss this with his colleagues in OPEC, and we hope we will reach a unanimous decision."

Speaking to the Financial Times, Dr. Valentin Hernandez Acosta, Venezuelan Minister of Mines and Hydrocarbons, said that it was impossible to say what members would decide when they meet in Caracas on December 1. He suggested that the glut was temporary and might not last more than six months.

He added: "The most important thing for us is to have resolutions approved by all members. I have the impression everyone has this feeling."

Nothing, certainly, will be decided on the oil price rise. Continued on Back Page.

Oil glut cuts prices, Page 8

Table with columns for Spot, 1 month, 3 months, 12 months, and Previous, showing oil prices.

Spain expects devaluation to fuel inflation

BY ROGER MATTHEWS

MADRID, July 12. SPAIN'S BUSINESS and financial community to-day began to grapple with the effects of an effective devaluation of nearly 50 per cent of the peseta against the dollar and the Government's plans to introduce sweeping fiscal reforms.

Apart from the devaluation, in its first major statement of intent since taking office a week ago the Cabinet, headed by Sr. Adolfo Suarez, announced that it would be making early application to join the European Economic Community and would be opening the question of possible Nato membership to public debate.

The other main points of the Government programme included: a determined fight against fiscal fraud by making it a penal offence, giving tax inspectors the right to examine company and individual bank accounts, and plans to strengthen heavily the revenue collection service.

The Government also promised to free interest rates from direct official control, to create a new credit entity for small companies, and to provide a generally more open capital market.

It also proposes to shift the burden of taxation more towards direct taxes, while protecting the lower-paid. The devaluation is thought certain to accelerate domestic inflation, running now at an annual rate of 27 per cent, before dampening measures that the Cabinet is to introduce can begin to take effect.

Hopes of agreeing some form of social pact with the unions have not increased markedly as a result of the Government's policy statement, since it is merely a statement of intent. It is expected that concrete proposals will be put before the Parliament within a few weeks.

It has been clear for many months that the peseta has been substantially overvalued. There are far more doubts about the fiscal policies, both as to their effect on business confidence and the difficulties of making them stick.

At the close of foreign exchange markets here the Bank of Spain announced that the peseta "had floated down" to 195.5 per cent below Friday's rate against the dollar. The Bank of Spain fixes rates for the peseta against the dollar, although they are, technically, floating.

British tourists were to-day receiving between 148 and 149 pesetas for their pound—compared with 120 last week, and the devaluation will be of special benefit to expatriates living here on fixed incomes. The immediate impact on power.

Regional Dele writes: The Spanish statement coincided with the publication of recommendations by the OECD along similar lines to those adopted by the Madrid Government. In its annual report on Spain, the Paris-based Organisation urged the Government to allow the peseta to depreciate, cut back the growth in money supply, liberalise interest rates and implement major tax reforms.

The report stressed, however, that the essential medium-term effort should be in exports. The share of national output represented by exports was too small, it said, and their development could be stimulated by lowering progressively and selectively the degree of protection of the economy. This would encourage Spanish industry to seek new markets abroad.

Action would have to be taken on incomes, as those who gained most in the 1974-76 period were not the lowest income groups but those with high bargaining power.

Prospects of Government-TUC pay pact lessen

BY ALAN PIKE AND PETER RIDDELL

PROSPECTS of the Government and TUC being able to establish a sufficient common ground on which to base an agreed statement on pay policy for the coming 12 months were at an even lower ebb after a meeting between senior Ministers and trade union leaders last night.

The meeting lasted for less than two hours and was mainly devoted to a restatement of position by each side. No statement was issued afterwards and points raised by Mr. Denis Healey, the Chancellor, will be considered at a meeting of the TUC economic committee to-day.

However, although last night's talks were formally adjourned it is by no means certain that there will be any further meeting between the Government and TUC before publication of the White Paper, expected at the end of this week.

Nothing emerged from the talks to change the view of some of the most senior trade union leaders that the demands for a return to free collective bargaining before publication of the White Paper, expected at the end of this week, are becoming increasingly likely that the most the TUC will be able to offer will be a general statement of principle, extending negotiations to a restricted approach in pay negotiations after Phase Two expires.

The TUC could also be expected to try to ensure that the 12-month gap between settlements is maintained—affirmed as a general council policy last month—although achieving this may not always be easy.

Return demanded But last night's meeting apparently failed to convince union leaders whose conferences have demanded an immediate return to free collective bargaining that any formal arrangements with the Government remain possible.

Mr. Healey last night outlined the consequences if a satisfactory pay deal cannot be agreed, in particular the likely dropping of all or part of the 2p conditional cut in the standard income tax rate.

However, the Chancellor is expected to have gone some way towards meeting the TUC's concern about prices with an outline of the Government's proposals, including possibly the postponement of the rise in school meal charges, the continuation of food subsidies and a commitment not to raise a number of nationalised industry prices for a specified period.

During the last couple of days, the Government has been preparing the way for the possibility of no agreement by emphasising its existing earnings objective and pending and monetary guidelines will continue unaltered whatever happens.

The Chancellor is expected to see leaders of the CBI later this afternoon to hear their concern about the damage which high rates of pay inflation will do to job security, competitiveness and the cost of living.

The Cabinet is expected to complete discussions on the proposed White Paper at its meeting to-morrow and a decision will also have to be reached on what income tax changes are to be proposed at the Finance Bill's report stage.

The full 2p cut in the standard rate now looks increasingly in doubt. Parliament Page 10

Directors share deal curb urged

BY MARGARET REID

COMPANY DIRECTORS would be banned from buying shares in their company in the two months before the annual and half-year profit statements under a planned code of conduct now being discussed between the Stock Exchange and the Confederation of British Industry.

They would also be forbidden to sell shares except in a personal financial emergency during this sensitive period when they might well have information, not publicly known, about how the company was faring.

The code, whose precise content has not yet been finalised and endorsed by the Stock Exchange Council, is intended for adoption as a minimum standard of behaviour for directors of companies whose shares are quoted on the Exchange.

The code is designed as a new move against insider trading—the use of confidential information by people in the know to carry out share deals for their own profit.

Explicitly prohibits insider dealing. It lays down that "a director should not deal in the securities of the company at any time when he is in possession of information which might be liable to affect the market price until the information has been made public."

The draft also provides that a director should not deal in the securities of the company without first notifying the chairman (or, if he is not available, another specified director) and receiving acknowledgement. The chairman would have to tell the Board, or two other directors, if he himself wanted to deal, and a record would have to be kept of all these notifications.

Allegations of insider dealing are made from time to time and do a good deal to hurt the image of the City and industry. The Government, which has said it will be reaching trading within the scope of the law as soon as it can, is to produce a discussion Green Paper on the subject in the autumn. The Stock Exchange's own response to the problem is in its proposed guidelines entitled "Model code for securities transactions by directors of listed companies." This would not have the force of law, but quoted companies would be expected to base on it—as a minimum general standard—their own rules for individual directors and other relevant staff. The Stock Exchange yesterday confirmed that it was carrying out a high-level investigation into a suspected market-rigging operation.

Large advertisement for British Airways featuring the text 'Non-stop to more Italian cities. Fly the flag.' and an image of a flag.

Handwritten signature or mark at the bottom of the page.

EUROPEAN NEWS

Gierek hints at moves towards democracy

By Christopher Sobinski
WARSAW, July 12. POLISH leadership appears to be introducing a greater degree of democracy into Poland...

IFO WARNS ON STALLED ATOM POWER PLANS

W. German growth targets at risk

BY GUY HAWTHORN
A LEADING West German economic research institute has warned of dire economic consequences if the country does not go ahead with at least a major part of its nuclear power programme...

Mitterrand attacks Patronat 'poll fund'

PARIS, July 12. THE FRENCH Socialist leader, M. Francois Mitterrand, today accused the French Employers' Federation, the Patronat, of setting up a 'poll fund' to stop the Socialist-Communist alliance...

EUROPEAN LAW The court comes down to earth

BY A. H. HERMANN, LEGAL CORRESPONDENT
A NEW kind of European Court has been gradually emerging from a series of decisions marked by a greater respect for the realities of life...

Record chemicals labour costs

BY OUR OWN CORRESPONDENT
PERSONNEL COSTS in the West German chemical industry have risen to the record level of DM21.15 (£3.27) per working hour...

Belgrade compromise proposed

VIENNA, July 12. NINE NEUTRAL states have a basis for meaningful discussion worked out a compromise document...

Jenkins for talks in London

BRUSSELS July 12. MR. ROY JENKINS, President of the European Commission, will fly to London on Thursday...

Portuguese worker groups law

LISBON, July 12. PORTUGUESE SOCIALISTS, Social Democrats and Christian Democrats have joined forces to pass a Bill in Parliament...

Romanian call for Communist independence

VIENNA, July 12. MR. NICHOLAS Ceausescu, the Romanian head of state and secretary-general of the ruling Communist Party, yesterday declared there can no longer be a leading centre in world Communism...

NATO appointment

By Malcolm Rutherford
A WEST GERMAN general is to be given the new post of Second Deputy to the Supreme Allied Commander, Europe (Saceur), in the Autumn...

Vacuum

Filling the vacuum created by the slowness with which the Council of Ministers agrees on new directives and regulations...

Record chemicals labour costs

Between 1972 and 1976 chemicals production rose by 16.7 per cent, according to the Working Circle, a liaison organisation for the industry...

Belgrade compromise proposed

Other key points provide for the setting up of five working groups on security, economic co-operation, human rights, Mediterranean problems and on working out the details for a follow-up to the Belgrade meeting...

Portuguese worker groups law

The law—a 21-page document which received surprisingly little advance publicity—puts an end to the ambiguities of worker supervision of management...

Record chemicals labour costs

Building work on power stations already under construction ground to a halt after court decisions earlier this year removed the construction permit for one power station on safety grounds...

Belgrade compromise proposed

The draft agenda drawn up at the Belgrade meeting which is being prepared for the review of the Helsinki agreement next autumn...

Portuguese worker groups law

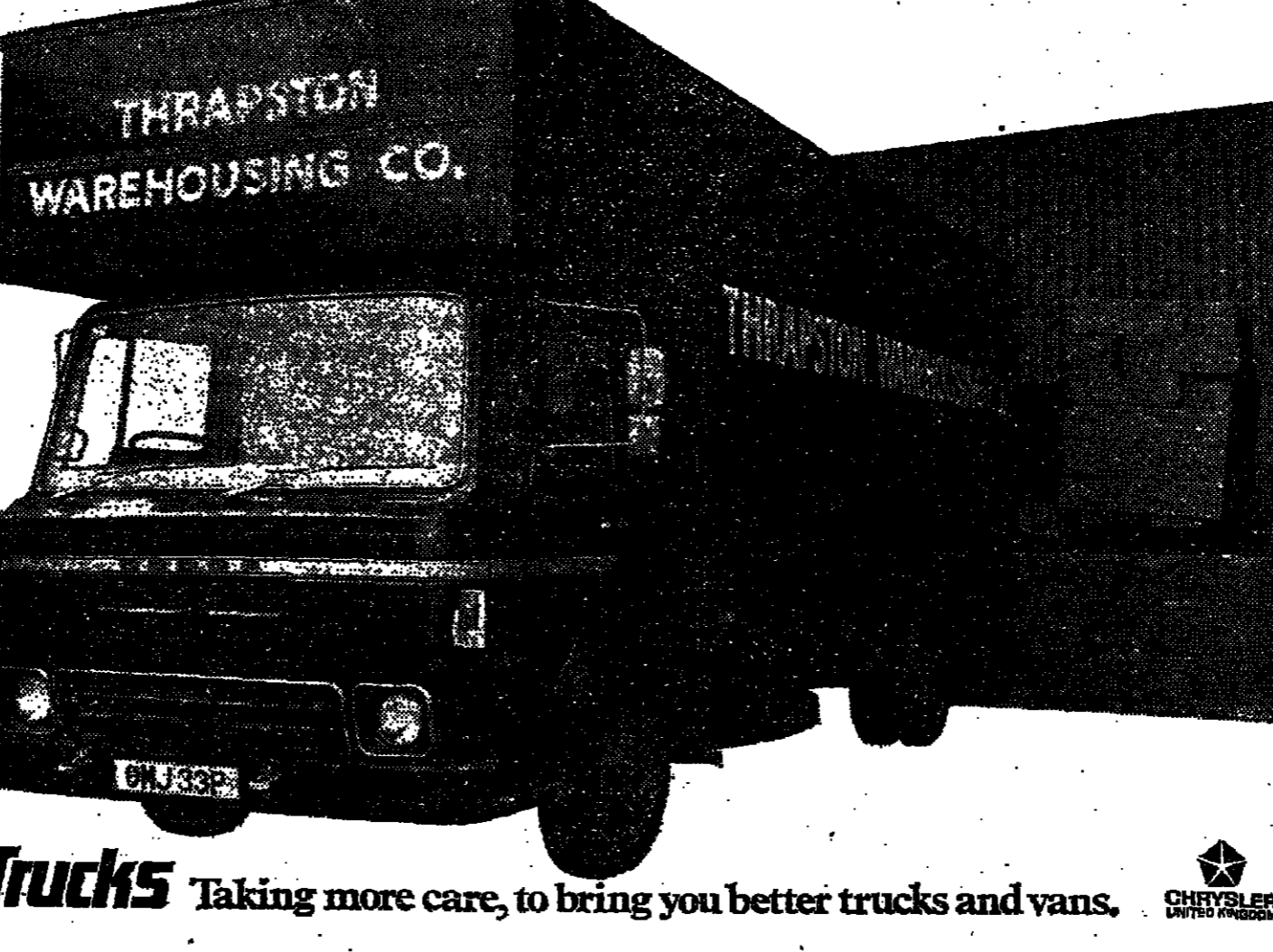
Workers' committees will be held in future by secret ballot (not by a show of hands)—a process which led to many accusations of intimidation and left-wing political manipulation...

Appeal

It seems probable that many cases, perhaps parties would be set the decision of the Court—the present Advocate General's opinion...

'WHEN YOU COVER MORE KILOMETRES THAN MILES YOU COME TO APPRECIATE DODGEMANSHIP!'

Don Wilson, Managing Director of Thrapston Warehousing Co. Ltd., originally decided that the Dodge 100 Series 7.38 tons GVW Commando was the right vehicle for the company's UK express deliveries...



DODGE 100 SERIES COMMANDO Dodge Trucks Taking more care, to bring you better trucks and vans. CHRYSLER UNITED KINGDOM

AMERICAN NEWS

EUROPEAN LAW The court down to

Congress accused of city over Korean bribes investigation

WASHINGTON, July 12. CONGRESS has been accused of its own susceptibility over Korean bribes investigation...

Trudeau and Schmidt 'progress' on uranium

OTTAWA, July 12. CANADIAN Prime Minister Pierre Trudeau and West German Chancellor Helmut Schmidt have made "some progress" towards finding an agreement that would help overcome the uranium hurdle in the relations between their two countries...

VENEZUELA'S NEW RELATIONSHIP WITH THE U.S.

A moderate voice for the Third World

BY JOSEPH MANN IN CARACAS

THE RECENT official visit to Washington made by Venezuela's President, Sr. Carlos Andres Perez, could hardly have come at a better time...



President Perez

As a reward for risking a confrontation with Arab members of the oil producers' group, Venezuela was reprimanded by American legislators. The two leaders played down talks on Venezuela's Orinoco heavy oil belt...

Continuation of the court case text from the left margin.

Labour seeks review of deals with Latin nations

LONDON, July 12. THE Labour Party, in Government, has announced a review of its dealings with Latin nations...

Kland talks start again

London, July 12. The Falkland Islands talks are the result of the visit made to the islands in February by Mr. Ted Healey, the Minister of State...

AID nominee

Washington, July 12. The Senate yesterday approved by voice vote President Carter's nomination of Mr. Robert Nooter as deputy administrator of the U.S. Agency for International Development (AID)...

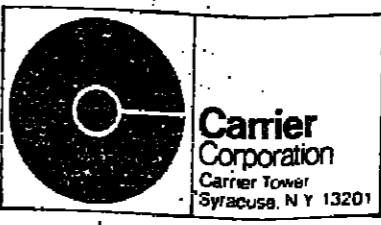
WHEN THE WATERS OF THE GULF CAN'T COOL IRAN'S GIANT NUCLEAR PLANTS, WE CAN.

The plan was to cool the two new plants at Bushehr on the Iranian coast with enormous amounts of water from The Gulf. But on some days, The Gulf is just too warm to do the job. So the German company that's building Iran's huge nuclear power plants turned to Syracuse, N.Y. They contracted with Carrier International, a subsidiary of Carrier Corporation...



Similarly, Carrier International has become the major factor worldwide in the soaring markets for all kinds of air conditioners and refrigeration equipment—accounting for 25% of Carrier Corporation's sales. We believe our success overseas is a reflection of what Carrier Corporation is all about. We deal with energy ideas the world can use. Ideas that are at work in oil, gas and petrochemical production; waste handling; refrigerated food shipping; electronics; and of course, the widest range of high-efficiency heating and cooling equipment for residential, commercial and industrial uses...

Advertisement for JOR & Cie. featuring a tree logo and text: 'Even Clemenceau would have approved of... Mr. Georges Mandel'. Includes address: 39, rue de Courcelles - 75008 Paris. Tel.: 766 25 32.



CARRIER CORPORATION. ENERGY IDEAS AT WORK.

OVERSEAS NEWS

Australian exchange reserves tumble

The flow of foreign capital into Australia dropped off sharply last month, sending foreign reserves tumbling to their lowest level since the 17.3 per cent devaluation of the Australian dollar last November...

Nyerere for U.S.

President Julius Nyerere of Tanzania will pay a state visit to the U.S. in early August at the invitation of President Carter...

Flood in S. Korea

Drizzling rain in Seoul and neighbouring areas forced South Korean Government workers to evacuate victims of a disastrous week-end rainstorm to shelters yesterday while more than 1,000 workers acted to prevent further mudslides or flooding...

Vietnam deaths claim

The Association for Human Rights in Vietnam said yesterday that more than 20,000 refugees have drowned in the sea trying to escape from Vietnam since the Communist takeover of the South in May, 1975...

Funds for S. Africa

West Germany has direct investments in South Africa totalling DM5,000m (£1,500m), the Bonn daily paper, General Anzeiger, said yesterday...

ON OTHER PAGES

International Company News: Kellogg bid talks; S. African wholesaler bid... 24/25; Farming and Raw Materials: Danes in U.K. butter market; CAP reform mooted... 27

Reflation and import growth will be Fukuda's main target

BY OUR FOREIGN STAFF

MR. TAKEO FUKUDA, the Japanese Prime Minister, said yesterday his Government will take further steps to reflate the economy, including a supplementary budget if necessary...

Reflation and reduction of Japan's large and growing trade surplus will be the Government's main priority, Mr. Tetsuo Tanaka, the International Trade and Industry Minister, later told a Press conference...

This follows yesterday's Bank of Japan estimate of a \$7bn trade surplus for the first six months of this year, which will probably outstrip last year's record \$9.9bn by the end of the year.

It also follows a petition from the Keidanren (Federation of Japanese Economic Organizations) arguing the need for more vigorous stimulus. The petition was presented immediately after publication of the final results of Sunday's Upper House election...

Sri Lanka's opposition woos youth vote

BY MERVYN DE SILVA

COLOMBO, July 12.

SRI Lanka's conservative opposition United National Party, increasingly confident of overthrowing the government of Mrs. Sirimavo-Bandaranaike in next week's general election, is pitching the final stages of its campaign to wooing the votes of radical youth.

Most of the country's one million registered unemployed are educated youth and their protest vote is likely to be a decisive factor in an electorate of under seven million.

Mr. J. P. Jayawardene, the 71-year-old UNP leader, gave further proof at the week-end of his tactical shift to the left when he offered to review the sentence imposed on Mr. Rohana Wijeweera, the head of the People's Liberation Front which launched the insurgency in 1971...



Development of Mekong will resume

RANGKOK, July 12.

VIETNAM, Laos and Thailand—with or without Cambodia—will resume development of the Mekong River later this month, suspended in 1975 due to the Indochina war.

Mr. V. J. van de Oord, chief coordinator of the project, confirmed reports that representatives of the three countries will meet on July 26-29 in Vientiane and work as an interim committee. Cambodia has failed to answer invitations to the meeting...

The committee was formed in the 1960s for joint work on building dams and reservoirs, irrigation systems for farmland, and to promote fishing, communications and transport along the 2,500-mile length of the Mekong. The joint operations were interrupted in 1975 when Communist armies were victorious in Cambodia, Laos and Vietnam...

Great but not super sheikh

BY COLINA MacDOUGALL

IN A major new study of the Chinese oil industry, the CIA has concluded that Peking's onshore reserves are about the same as the 89.52 barrels remaining in the U.S. while its offshore potential is likely to be less than earlier predictions had foretold...

The CIA estimate places China well above the U.K. (proven reserves around 170m barrels) but well below the major Middle East oil states: Iran (83bn), Kuwait (67.4bn), Saudi Arabia (110bn).

While admitting that not even the Chinese know the size of their reserves, the CIA estimates that they are considerable, though not of the startling size that was earlier suggested, notably by the Japanese. In fact the agency has scaled down considerably its own estimates of reserves and production published two years ago in the report to the Joint Economic Committee of Congress...

S. African administrator in Namibia

BY MARTIN DICKSON

MR. JUSTICE Martinus Steyn, the South African judge who will oversee Namibia's (South West Africa's) progress to independence, visited the territory yesterday for the first time since his appointment last week as its Administrator-General. This new post has been created by the South African government under a far-reaching package of concessions to western powers.

With Mr. R. F. Pik Botha, the South African Foreign Minister, the judge briefed representatives of the local Turnhalle conference on recent South Africa talks with the five western powers which are trying to negotiate a peaceful transfer of power in Namibia. These contacts led to the abandonment of the Turnhalle plans for an ethnically based interim government and the appointment of an administrator.

reasons make this necessary. The five western powers negotiating with South Africa—Britain, the U.S., France, West Germany and Canada—have accepted Pretoria's argument and are hoping to convince the South African Government that the South African Government should be neutralised by some form of UN civilian presence, still to be decided upon.

This, however, might not be enough to satisfy Swapo, which is still deeply suspicious of Pretoria's intentions, and could also face opposition from the South African Government, which for domestic political reasons is anxious to avoid any UN role that could be regarded as interfering with the internal administration of the territory.

To date, South Africa has accepted that there should be a UN representative, appointed by Dr. Kurt Waldheim, the UN Secretary-General. While South Africa is keen to avoid the impression that the UN will be supervising the elections Swapo insists on UN supervision. One Western source says a solution to this problem may be largely a question of how an agreement is presented that scores of UN personnel would be needed to scrutinise the role and size of the force, that the UN would be neutralised by some form of UN civilian presence, still to be decided upon.

Iran gas method for steel

BY ROBERT GRAHAM

TEHRAN, July 12.

IRANIAN plans to produce 6.7m. tons of steel by 1982, using gas as a fuel, according to a statement by Dr. Reza Amin, head of the state-owned national Iranian Steel Industries Corporation (NISIC). Direct reduction methods will account for roughly half of total steel production by that date.

Dr. Amin said that NISIC, which is one of two state-owned steel companies, has opted for direct reduction to take advantage of huge gas resources in Iran. The three plants which will use gas for direct reduction—Atash, Bandar Abbas and Isfahan—would consume a total of 5.2m. cubic metres of gas a year. This would be roughly 40 per cent of the total gas being produced in the country.

New Lebanon peace plan

BY HANAN HIJAZI

BEIRUT, July 12.

THE PALESTINE Liberation Organisation has offered a free-point plan for ending the Israeli occupation in southern Lebanon. It was reported here today. The daily Al-Moharrer, which has Palestinian connections, said the plan was submitted during talks by Palestinian leaders in Lebanon and in Damascus.

It provides for an immediate cessation of hostilities between the guerrillas and right-wing Christian militiamen, withdrawal by both sides from specified demilitarised zones, and formation of a joint military commission to supervise the truce. Clashes in the border area with Israel have eased during the past few days, and the two sides have settled down to the usual artillery duels.

You don't have to be an elephant to remember the times of our Jumbos to New York.

Table with columns for LONDON and NEW YORK, and rows for DEPART and ARRIVE times for MON., TUES., WED., THURS., FRID., SAT., and SUN.

As you can see, there's no complicated timetable to decipher when you fly to New York with Iran Air. We take off at the same civilised hour every day. In fact everything about flying to New York with Iran Air is civilised.

If you're lucky enough to travel first class you can relax in our famous Persian Room and sip tea served from the only samovar in the sky. But whichever class you fly you'll get first class service when you land. Because Iran Air use JFK's Worldport terminal, one of the most advanced in the world with its own passport control and computerised baggage handling system.



Handwritten text at the bottom of the page, possibly a signature or note.

Handwritten Arabic text in a box at the top right.

TRADE NEWS

Australian import quotas

Text discussing Australian import quotas, mentioning the Government and industry.

super sh...

Text starting with 'super sh...' and 'DOUGLAS'.

Japan delays nuclear reprocessing plans

BY DOUGLAS RAMSEY

Text about Japan's nuclear reprocessing plans, mentioning the U.S. and plutonium.

TOKYO, July 12. AMERICAN BELL International...

Text about an Iranian telecom deal, mentioning a \$400m deal.

Israeli decision urged

BY L. DANIEL

Text about an Israeli decision, mentioning Haifa and nuclear power.

Text about an Israeli decision, mentioning Haifa and nuclear power.

SPANISH DEVALUATION Little effect on U.K. exports

BY JOHN LLOYD, INDUSTRIAL STAFF

Text about Spanish devaluation, mentioning a 20 per cent devaluation.

Text about Spanish devaluation, mentioning a 20 per cent devaluation.

Lords' report on EEC role

BY REGINALD DALE, EUROPEAN EDITOR

Text about the Lords' report on EEC role, mentioning a House of Lords Committee.

Text about the Lords' report on EEC role, mentioning a House of Lords Committee.

Call to encourage invisibles

BY MICHAEL BLAMEN

Text about encouraging invisibles, mentioning the U.K. balance of payments.

Text about encouraging invisibles, mentioning the U.K. balance of payments.

Text about encouraging invisibles, mentioning the U.K. balance of payments.

U.K. shoes sell well abroad

BY JAMES McDONALD

Text about U.K. shoes selling well abroad, mentioning heavy penetration.

Crossley Citibank credit

FINANCIAL TIMES REPORTER

Text about Crossley Citibank credit, mentioning a \$4m loan.

Crossley Citibank credit

Text about Crossley Citibank credit, mentioning a \$4m loan.

Technical Page

BY ARTHUR BENNETT AND TED SCHOETERS

ay goes where pointed

Text about agricultural machinery, mentioning a tractor-based system.

DLING jags cut the cost

Text about DLING jags, mentioning a trip intermediate.

MEALPINE SEATANK

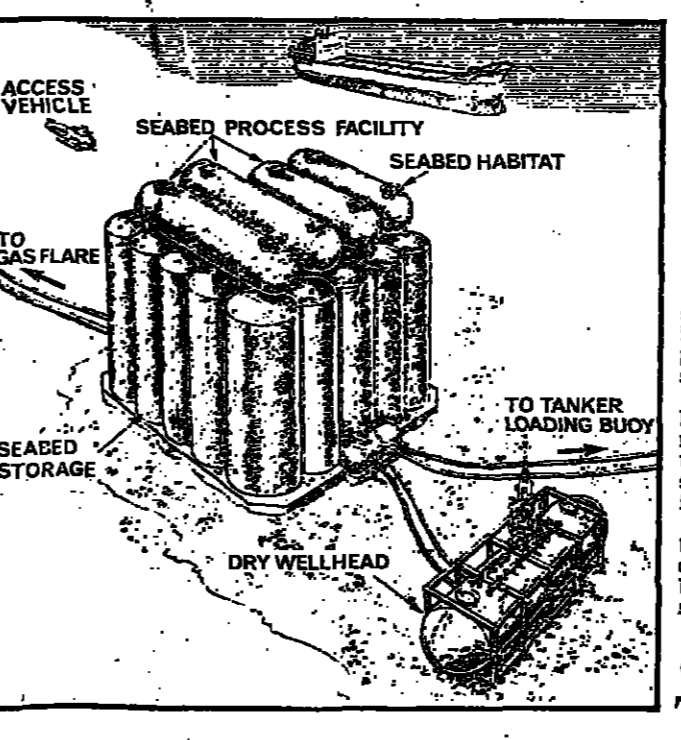
Text about the MEALPINE SEATANK, mentioning a system for oil and gas production.

PROCESSING Removes the water

Text about a process that removes water, mentioning a vacuum de-watering unit.

COMMUNICATIONS Locks on to frequency

Text about communications, mentioning a high stability receiver.



ELECTRONICS Simplifies tuning

Text about electronics, mentioning a diode tuner.

MACHINE TOOLS Faster transfer press

Text about machine tools, mentioning a transfer press.

COMPUTING Three new printers

Text about computing, mentioning three new printers.

VENTILATION Trading on air

Text about ventilation, mentioning trading on air.

TELEX SHARING

Text about telex sharing, mentioning a service for sharing telex lines.

Advertisement for DOWTY mining equipment worldwide, Cheltenham, England.

Advertisement for Through Service, London 723 1092.

HOME NEWS

Prospects improve for house buyers

BY DAVID FREUD, INDUSTRIAL STAFF

FIRST-TIME PURCHASERS are now in a better position to buy houses than at any time since the early 1970s...

Consumer group may select new leader

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE DEPARTMENT of Prices is believed to be looking for a successor to Mr. Michael Young to head the Government financed National Consumer Council.



Mr. Jeremy Mitchell, New Director of the National Consumer Council

Yesterday Mr. Young was in America and the Department of Prices would not comment on the suggestion that it was looking for a new chairman for the NCC.

Consumers' Association in 1953, has been mainly in the more traditional areas of consumer affairs...

Fall in retail textile sales worries North-West companies

BY RHYTS DAVID, TEXTILES CORRESPONDENT

A DOWNTURN in retail sales of textiles within the past two to three months, after a period of relative buoyancy in the first quarter of this year...

excluding man-made fibre production—up 2 per cent, on the previous quarter, though still 7 per cent below the peak 1973 level.

Coffee price curb may be imposed

MEASURES TO ensure that the lower world price of coffee is reflected in the shops may be introduced...

forecasting early reduction from this unprecedented level.

Mr. Mitchell, who is taking over from Mr. John Hosker who has been involved in the consumer movement for almost 20 years.

The situation is being discussed in the Department of Prices. It seems likely that the Minister will use his powers under the 1974 Prices Act.

Radiation monitoring 'should be extended'

BY IAN BREACH IN WHITEHAVEN

MEMBERS of the general public in West Cumbria should be subjected to whole-body monitoring of their exposure to industrially produced radiation...



In answer to questions put by Mr. A. A. Dudman, a Whitehaven schoolteacher, Mr. Mummy said that 30 workers had received plutonium radiation of more than half the recommended maximum dose level...

Neutron weapon has big advantage

By David Fishlock, Science Editor

EXPOSURE to high-energy neutrons is one of the speediest and surest methods of killing. High doses of neutron rays, above 1,000 rads, will damage the brain severely.

Cook and Provincial to offer holiday deal

BY ADRIENNE GLEESON

A RADICAL new departure for building societies was announced yesterday by the Provincial, which has linked with Thomas Cook...

Insurance link

Greater London Council will not be able to use funds earmarked for the short-term improvement of the inner city on the second stage of the Fleet Line underground, now renamed the Jubilee Line.

Textile deal

Don Brothers, the Scottish textile group based in Forfar, has reached agreement with the Thokol Corporation of the U.S.

Further remand

Mr. Graham Barton, a former Leyland Finance executive, and his wife, who are alleged to have forged a letter purporting to be signed by Lord Ryder, were further remanded to August 30 when they appeared at Bow Street Court, London, yesterday.

Bristol lottery

Bristol is to launch a civic lottery on August 6. It will offer a maximum of 40,000 tickets at 25p and will be drawn monthly initially.

Tories oppose water authority

BY STUART ALEXANDER

A WARNING that the Tories will oppose the creation of a National Water Authority on the grounds that it would be a move towards the nationalisation of the private water companies was given yesterday by Mr. Michael Heseltine, the party's spokesman on the environment.

Move to win over devolution rebels

By Our Scottish Correspondent

A DELEGATION from the Scottish Council of the Labour Party will meet representatives of the party's Northern region to-day in an effort to win more friends for the new devolution legislation to be introduced in the next session of Parliament.

Mr. Alf Young, Scottish research officer at the Labour Party, will travel to Newcastle with Mr. Gordon Brown, an executive member, and Mr. Norman Buchan, MP for Renfrew West, the Scottish treasurer.

Mr. Young, Scottish research officer at the Labour Party, will travel to Newcastle with Mr. Gordon Brown, an executive member, and Mr. Norman Buchan, MP for Renfrew West, the Scottish treasurer.

Ford dispute hits recovery in U.K. vehicle industry

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE RECENT recovery in U.K. vehicle production suffered a sharp blow last month from the dispute at Ford's Hale plant...

the vehicle companies in the Midlands later this month. In the car industry, the generators have a good chance because of the shortages of supply of the Ford range...

On the same seasonally adjusted basis, however, car manufacturers increased production by 13 per cent in the last quarter, compared with the previous three months.

These production problems could be exacerbated by the holiday period which begins for 35,000.

Oil glut leads to cut in spot prices

BY RAY DAFTER, ENERGY CORRESPONDENT

A WORLD GLUT in oil supplies has led to a marked reduction in spot market prices. Rising North Sea oil production is helping to contribute to this weakening market, according to market reports.

The position for crude selling is not expected to improve this summer, for some of the demand is now being met by production in the U.K. and Norway.

As members of the Organisation of Petroleum Exporting Countries meet in Sweden there are signs that major oil companies are being forced to offer discounts of the official selling prices.

Exxon, the world's biggest oil group, has already offered a 20 cents a barrel discount on the price of its Libyan Brega crude oil for the third quarter, according to the latest issue of Petroleum Intelligence Weekly.

Elsewhere spot cargoes of African crude are said to be available at 25-30 cents a barrel discount. The glut has arisen because of the generally weak figures show that the North Sea is already meeting half output in Britain's requirements.

Loan of £6.9m. for Tees benzole plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE BRITISH Steel Corporation has secured a £6.9m. medium term loan from the European Investment Bank to help finance the construction of a benzole refinery at Port Clarence on Tees.

The plant has become of investment Bank to help finance the construction of a benzole refinery at Port Clarence on Tees.

Work on the site has already to begin in October, 1978. The plant will have a capacity to refine 125,000 tons a year of crude benzole, and a benzole is a by-product of coke manufacture and is refined by BSC's chemical division into benzene, a chemical building block used in the manufacture of plastics, such as polystyrene and other materials.

Heathrow-Gatwick air link to start next April

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A HELICOPTER LINK between Heathrow and Gatwick Airports is to be started next April by the British Airports Authority.

The link will be a fast service in the Central Area, close to Terminal One, and at Gatwick close to the main terminal building.

The Authority was now in final discussions with prospective operators of the service, it flights from the connections by road, taking up to two hours for the journey, depending on traffic conditions.

Various ideas for an air service have been explored over the months, but original plans for a helicopter service have been rejected in favour of the faster, more flexible helicopter.

Various ideas for an air service have been explored over the months, but original plans for a helicopter service have been rejected in favour of the faster, more flexible helicopter.

Ignorance about retirement

BY ERIC SHORT

THE AVERAGE manual worker is unaware of the large tax-free fund, Mr. Alan Firth, Legal General's pensions manager, commented. Such a benefit is particularly attractive to the private sector workers.

Mr. Firth was speaking at a launch of a new Legal General booklet describing cash benefit scheme which gives up to 15 months pay complete when the employee has a company pension scheme.

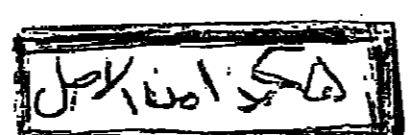
Education chief wants bright pupils to work in factories

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ACADEMICALLY bright youngsters should leave school and start work on the factory floor, Mr. Barry Taylor, chief education officer for Somerset, said yesterday. For many that would be a better training for top management than going on to conventional degree courses at university, he said.

For far too long good scholars have been encouraged to believe that it was more noble to become social workers or teachers than work managers.

The Confederation of British Industry said it would not encourage academically bright 16- and 18-year-olds to refrain from going to university.



Ford
recovery
vehicles

هكذا من العمل

Oil
in

NatWest also has branches overseas.

100
100

PARLIAMENT and POLITICS

HOME NEWS

Callaghan hopes basis now exists for Grunwick peace

BY IVOR OWEN, PARLIAMENTARY STAFF

A "COOL IT" plea was made to both sides in the Grunwick dispute by the Prime Minister in the Commons yesterday when he urged that the High Court decision backing the ACAS recommendation that the firm should accept the terms of the union's APEX for bargaining purposes, should be used as the basis for an early settlement.

This brought Mr. Callaghan's feel, therefore, that there is a bluish on the law and that a change should be made? he asked. Mr. Callaghan said that any bluish on the law should be examined in a dispassionate way at a later stage when the current dispute was out of the way.

Unions warned on pay demands

BY JUSTIN LONG

MR. JAMES CALLAGHAN, Prime Minister, yesterday gave a warning to unions that any demands for a 20 per cent. increase in pay would be met with a firm stand.

U.K. suppliers gain big North Sea market share

BY RAY DAFTER, ENERGY CORRESPONDENT

THE U.K. offshore supplies industry has gained a bigger share of the £1.2-billion North Sea oil and gas market. Figures to be published by the Government next week are expected to show that British companies now account for over 55 per cent. of the value of goods and services supplied to oil operators.

North Sea oil and gas market. Figures to be published by the Government next week are expected to show that British companies now account for over 55 per cent. of the value of goods and services supplied to oil operators.

Clash over postal action

BY IVOR OWEN

HOPES OF securing an early end to the Grunwick dispute would be damaged by drafting in other postal workers to fulfil the duties of the men suspended at the Cricklewood sorting office, Mr. Eric Varley, Industry Secretary, maintained in the Commons last night.

Mr. Tom Jackson, general secretary of the UPW, was doing his utmost to bring about a resumption of normal postal services, the Secretary of State declared. Mr. Maurice Macmillan (C. Farnham) recalled the Prime Minister's appeal to Grunwick to accept the judgment of the High Court.

Rise sought in domestic air fares

By Michael Donno, Aerospace Correspondent

FURTHER INCREASES in U.K. internal air fares, amounting to between 4 per cent and 10 per cent, are being sought from November 1. Rises of between 5 per cent and 15 per cent were introduced in April.

Beer prices report expected by July

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRESENT INDICATIONS are that the Price Commission will complete its investigation into beer and pub prices by July 31. The date set by Mr. Roy Hattersley, Prices Secretary, and subsequently criticised by brewers as setting too tight a schedule.

Tories promise cash for police

DETAILS of the review of the machinery for negotiating police pay and conditions were announced in the Commons yesterday. Mr. Eric Varley, Industry Secretary, told MPs that membership of the review body would be announced soon.

Mr. Whitelaw said that if the Government acted with speed and determination and launched a "crusade against crime" they would get the support of the Commons and country.

BSC cash limit stays firm

BY MICHAEL BLANDEN

THE GOVERNMENT left no doubt yesterday that it is standing by its £500m cash limit for the British Steel Corporation in the current year.

Hill Samuel 'not to quit S. Africa'

By Michael Blenden

THE HILL SAMUEL merchant banking group has "no intention of withdrawing from South Africa," Sir Kenneth Keith, the chairman, said yesterday.

Written Answers

TREASURY Mr. Michael Neubert (Con. Romford). What amount of value added tax was contributed by foreign tourists visiting the U.K. in the 12 months to the end of the financial year? And what percentage this represents of the total?

Profits safeguards too weak, says Tory Peer

SAFEGUARDS FOR company profits proposed in the Price Commission Bill were less than under the present price code, the Earl of Mansfield (C.) claimed in the Lords yesterday.

Premier backs defence policy

BY MICHAEL BLANDEN

THE GOVERNMENT will not be affected by the report of a Labour Party national executive study group, the Prime Minister said in the Commons yesterday.

Banking policy

BY MICHAEL BLANDEN

IT IS the Government's intention to implement the White Paper on banking policy by introducing legislation in the next Parliamentary session to provide for banking supervision, Mr. Denzil Davies, Minister of State, Treasury, told the Commons yesterday.

Scrap industries form new national body

A NEW NATIONAL body called the British Reclamation Industries Confederation has been set up to represent major sectors of the growing business of material reclamation.

Tories promise cash for police

DETAILS of the review of the machinery for negotiating police pay and conditions were announced in the Commons yesterday.

Profits safeguards too weak, says Tory Peer

SAFEGUARDS FOR company profits proposed in the Price Commission Bill were less than under the present price code, the Earl of Mansfield (C.) claimed in the Lords yesterday.

Premier backs defence policy

THE GOVERNMENT will not be affected by the report of a Labour Party national executive study group, the Prime Minister said in the Commons yesterday.

Banking policy

BY MICHAEL BLANDEN

IT IS the Government's intention to implement the White Paper on banking policy by introducing legislation in the next Parliamentary session to provide for banking supervision, Mr. Denzil Davies, Minister of State, Treasury, told the Commons yesterday.

Scrap industries form new national body

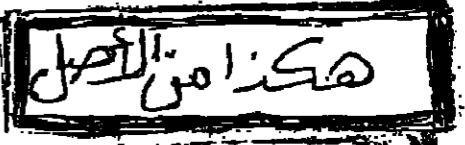
A NEW NATIONAL body called the British Reclamation Industries Confederation has been set up to represent major sectors of the growing business of material reclamation.

£2.8m. plan for Bemrose plant

BEMROSE Corporation, the Derby-based packaging, printing and publishing group is to invest £2.8m. at Bemrose Flexible Packaging, its Spondon, near Derby, subsidiary.

FINANCIAL TIMES SURVEY

Wednesday July 13 1977



Medium and Long-Term Finance

Company profits are now recovering strongly but real returns are still low by previous standards. Industry's demand for bank loans is beginning to pick up but still rather slowly. Some concern exists in the City about implications for monetary guidelines if there is a major demand for loans to finance sustained recovery in investment and stockbuilding.

If your company could use between £5000 and £2 million, use the phone.

ICFC

Long-term money for Britain's smaller businesses.
01928 7822

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED.

ABERDEEN 0224 53028, BIRMINGHAM 021-236 9531, BRIGHTON 0273 24391, BRISTOL 0272 292081, CAMBRIDGE 0223 62126, CARDIFF 0222 34021, EDINBURGH 081-226 3885, GLASGOW 041-227 4456, LEEDS 0532 30511, LEICESTER 0533 26854, LIVERPOOL 051-236 2944, LONDON 01-928 7822, MANCHESTER 061-833 9511, NEWCASTLE 0632 815221, NOTTINGHAM 0602 47691, READING 0734 861943, SHEFFIELD 0742 664651, SOUTHAMPTON 0703 32044.

NEWS
Suppliers gain
Sea market
CORRESPONDENT
The Arab...
McAlpine...
At a...
Development
On the...
Beer prices
expected by
BY KENNETH GOODING, WINDSOR
Give more aid
town halls are
BY STUART ALEXANDER
Scrap industrial
new national
2.8m. plan for B...

MEDIUM AND LONG TERM FINANCE II

Demand still slow to revive

A MAJOR recovery in the profits of industrial and commercial companies is now under way, yet real returns still remain low by historic standards and the underlying financial position of the company sector has not improved at all so far.

This in turn has raised questions about what will happen both to the financial position of companies and to the overall monetary guidelines when, and if, the economic recovery gathers momentum and the demand for finance increases. Many of the issues are also relevant to the current debate about both the level of profits and the provision of medium and long-term finance for industry—now under investigation by the Wilson Committee.

The starting point is the recovery in the gross trading profits of industrial and commercial companies of 26 per cent. last year. But even when the impact of inflation on the value of stocks is taken into account, there was a rise of 23 per cent., and the recovery has continued so far in 1977.

Gross trading profits of all companies, net of stock appreciation, rose by 7.7 per cent. between the last three months of 1976 and the first quarter of 1977. This represents a 30.8 per cent. rise above the corresponding period of 1976. The share of all companies' profits in total domestic income (both net of stock appreciation) has risen from 6.2 per cent. to 8.1 per cent. in the past two years.

A large part of this improvement results from a decline in the amount required from stock appreciation, especially in recent months, as well as from profits from North Sea oil operations. North Sea activities are now becoming an important influence on profits and the recent Bank of England Quarterly Bulletin estimated that about a fifth of the rise of just over a quarter in industrial and commercial companies' profits last year was attributable to a relatively small number of companies with interests in the

development of North Sea oil. In addition, profits from exporting have increased during the past year as companies have reacted to the fall in the pound by maintaining their prices in terms of foreign currencies, thus boosting margins. When both this and North Sea oil have been taken into account, a more depressed picture of profits from domestic activities is apparent.

Moreover, when capital consumption and the rapid rise in the written down value of companies' assets (at current prices) is also taken into account, the improvement in profits did no more than maintain the average rate of return, which has been depressed for several years.

Although the share of net profits in net domestic income improved during the course of last year—to around 8 per cent. by the fourth quarter for the year as a whole—the share was about 4.5 per cent., only slightly higher than the low of 4.3 per cent. in 1975. This is only about a third as large as in the mid-1960s with most of the corresponding rise elsewhere being pre-tax income from employment.

Pessimistic

The Bank of England has taken a pessimistic view both of the likely improvement in profitability in the immediate future and of the implications of a continuing low level of real returns for future investment and economic growth. The recent Quarterly Bulletin argued that while the profitability of U.K. industry should improve when faster economic expansion again proves possible, the cyclical rebound may be less pronounced than might normally be expected.

On this view, continued low profitability could seriously damage longer-run prospects. Already the rate of investment has been low in recent years, and a continuation of low rates of return, perhaps combined with a relatively high cost of capital could seriously discourage new investment. Without an

early move to higher profits, investment is therefore unlikely to be adequate to sustain a satisfactory rate of growth," according to the Bulletin.

This view, which is not surprisingly shared by the CBI, is regarded as too pessimistic by some commentators. They argue that the Bank exaggerated the recent squeeze on profitability and has also underestimated the extent of the recovery.

The other, more important, argument is about whether current returns are necessarily as low as the Bank suggests. On this view, real rates of return have been falling in all the main industrialised countries on a long-term secular trend, rather than just in this cycle—even though the U.K. may be a rather more extreme example than elsewhere. Moreover, given this long-term trend, the extent of the fall in profitability in the current recession is not surprising since this has been the longest and most severe economic downturn since the war.

This argument was discussed in detail in the February issue of the Midland Bank Review by a distinguished group of academic economists headed by Professor Robin Matthews. They concluded that "while profits were still undoubtedly low at the end of 1976, they were scarcely lower than was to be expected in view of the cyclically low level of output and the associated below-trend level of productivity. By the same token, the case for adjusting real wages so as to favour profits would have to be that it is desired to increase profits notwithstanding that output is planned to remain at a level that would normally cause them to be low."

Most analysts expect a large rise in nominal profits again this year. City stockbrokers Phillips and Drew, for example, project a 23.4bn. or 20 per cent. rise in U.K. trading profits (excluding North Sea oil) of industrial and commercial companies in 1977 and a 15 per cent. increase in 1978. North Sea oil profits are projected to increase from £400m. in 1976

to £1.9bn. this year and to £3.3bn. in 1978.

With income from abroad also rising sharply, the brokers estimate that total income will increase by £4.5bn. this year. They believe that this increase should more than offset a £500m. rise in profits due abroad (mainly North Sea) a £1.3bn. rise in spending on fixed investment and a £700m. turnaround on physical stocks, especially as the amount required for stock appreciation should be about £500m. lower.

Accordingly the brokers estimate that industrial and commercial companies will have a financial surplus of £1.1bn. this year, rising to £1.6bn. in 1978. This follows a published deficit of just under £600m. last year, which was much worse than most analysts had been projecting.

In 1977, most of the projected £1.9bn. improvement in the financial position of industrial and commercial companies will come from the North Sea—around £1.3bn. net according to Phillips and Drew—with only a small turnaround from non-oil activities. The first quarter deficit of £528m. mainly reflects a sharp increase in the amount required to finance the rise in the level of physical stocks, some of which was involuntary

and so may be reversed later in the year.

Other brokers are much more cautious; Wood Mackenzie, for example, suggests that industry will only be in balance financially this year and will have a deficit of £1bn. in 1978 (compared with the deficit of £1.6bn. in 1977). Indeed Wood Mackenzie is concerned that the financial demands implied by a recovery in investment and stockbuilding could be significantly constrained by the overall monetary guidelines by the end of next year.

Other brokers are also worried about the implications of a reasonably sustained demand for bank advances by the private sector for the sterling M3 target. But views remain divided on this point and the more optimistic analysts point to the probability of a continuing high savings ratio and a large personal sector financial surplus.

Bank borrowing is certainly expected to finance a large part of any upturn with Wood Mackenzie projecting a rise in bank advances to industrial companies of £2.5bn. this year, roughly the same as in 1976. Phillips and Drew estimates

that the rise will be £1.7bn. but both brokers are agreed that companies will increase their deposits and cash holdings by a smaller amount than their borrowings. The rise in advances to industrial companies is likely to include a substantial element of borrowing in overseas currencies as a result of the change in the rules on the financing of third country trade in sterling announced last November.

Companies are expected to continue to raise sizeable amounts on the stock market, mainly via right issues, though this year possibly a slightly lower amount than in 1976. However, much of this money may be swallowed up in acquisitions.

Concern

All this is to look at the financial position of the corporate sector in overall terms; much of the current debate focuses on whether there are gaps in the provision of money for industry and, in particular, on whether City institutions are carrying out their task properly. There has been special concern about whether sufficient long-term finance is available for companies, generally with-

INDUSTRIAL AND COMMERCIAL COMPANIES PROFITS

Table with 3 columns: Year, Gross trading profits, Stock appreciation. Rows for 1974, 1975, 1976, 1975 1st quarter, 2nd quarter, 3rd quarter, 4th quarter, 1976 1st quarter, 2nd quarter, 3rd quarter, 4th quarter.

Source: Bank of England Q.B.

out public quotations, which are unable to raise equity capital. Concern about a possible gap here has been one of the main arguments in support of the Equity Bank though its activities so far have been very limited. Similarly, it is not clear how far the lack of any significant long-term corporate bond market in new issues in recent years has inhibited industrial expansion. The absence of these issues may be the unwillingness of nominal interest rate years or more. This so far suggests that rather more inhibitions exist about the effects of inflation and firm than by specific constraints.

Peter Economics Co

The institutions and their investment strategy

the pension and insurance funds. They are undoubtedly carrying for themselves an increasingly important place among the poolers, and as they do so the factors that push funds in their direction and the criteria on which they invest have become steadily more important to the national economy.

In their evidence to the Wilson Committee the clearing banks noted that "the finance most suitable for transformation into long-term funds is primarily that held by life assurance companies and pension funds." It is in the nature of the life assurance and pension business that the investment chosen for to-day's premium payment must mature a long time in the future—in the case of the pension fund where the payout date is more predictable the term of a fund's liabilities can be up to 50 years and its assets have to match this term.

The flow of investable funds into the insurance business and the pension funds has grown conspicuously and steadily during the seventies. In 1972 the flow was a net £2.6bn.; by 1976 it had swollen to close on £8bn. according to the Central Statistical Office. Of the latter figure the insurance sector could register net acquisition of assets of £2.8bn. last year whereas for the pension funds the corresponding figure was £3.13bn. These net increases compared with net inflow of sterling funds from the U.K. private sector into the British banks of £2.3bn.

The insurance companies point out, in their evidence to the Wilson Committee, that they have an important function

in encouraging the British citizen to save and thus to provide finance for the national investment. They say that whereas household saving as a percentage of Gross Domestic Product is low in the U.K. at just 4 per cent.—compared with West Germany's 8.6 per cent. for instance—contrasting saving through life insurance is higher, as a percentage of G.D.P. than in most other countries. The insurers are, in short, doing their bit for the accumulation of national wealth.

What is the insurance business doing with the money thus pooled? The aggregate figures show an impressive commitment to industry. Some £9.1bn. or 31 per cent. of the industry's total assets are in the form of debentures, preference shares or ordinary shares, and according to evidence submitted by the industry to the committee, these are supplemented by an indeterminate quantity of industrial loans and mortgages. The insurance companies point out that though many of these securities have been purchased on the secondary market—the stock exchange for instance—and thus cannot be called direct investment in industry, the insurance companies' continued support of secondary markets is vital for industry's continuing ability to finance itself through issues on these markets.

The insurers elected to present these aggregate figures probably because their net investment in industry over the last two years has been less impressive. In 1976, for instance, the insurance industry invested just £378m. of its total inflow of £2.8bn. in company securities while steering no less than £1.83bn. into Government

securities. Given that the book value of the industry's accumulated holdings in Government securities at the end of 1975 was of the same order as that in equities, these figures do represent a clear abandoning of shares in favour of gilts.

Aggregate figures for the pension funds are not compiled by the C.S.O. and, perhaps, because they are a more independent breed and less equipped to speak with one voice, they have not put their case in public to the Wilson Committee. Nevertheless, the C.S.O. figures for 1976 reveal that of the total net inflow of £13.1bn. into the pension funds, some £1.12bn. were invested in company securities (including unit trusts), which compared with the £1.7bn. channelled into gilts. Furthermore, exactly the same figure was invested in equities alone. These figures suggest that the pension funds have remained a prop for the markets in troubled times. Nevertheless they also imply a considerable percentage swing in the direction of gilts over the past two years.

Defence

The insurance companies claim that they hold a higher percentage of their total funds in equities and property than their counterparts in other countries. Their defence against criticism of their investment strategy is that they are primarily in business to provide insurance, rather than funds to any particular sector of the economy, and that they must invest in a way that will enable them to pay claims when claims are made. Nevertheless they also concede in their Wilson

evidence that they do de facto an important role for industry; they are considering of steering insurance funds small companies. The pension fund overriding need is investments to keep inflation over the line in which they are on the employer's side this consideration traditionally steers fund money into equities. Over the years they have kept a steady hand on the tiller, but over the years they failed to look beyond pure forms of appreciation like works of commodities. In a demand restraint such can look more at equities. "No one can criticise fund management in what they say they will do to keep the charge equal to that which one day be them. Yet one of them Wilson Committee be to show up the private wealth is increasingly into the pension funds, ins and building side of individual or b. So those who trade had direct contact replaced by invest in their own priority invest at arm's length.

Nicholas C

State a major supplier

BRITAIN IS by no means the only Western nation where the Government provides various forms of financial assistance to industry. Attitudes to the market system, and to the Government's role in it, may differ but most Western Governments offer some kind of incentive to industrial investment. Most believe that they should try to promote economic development in their less favoured regions, intervene selectively with a view to promoting industrial innovation or to create or preserve employment, or have their own State-owned industrial sector.

Indeed the role of financial assistance in industrial policy has assumed even more importance as tariff protection has diminished. It is seen as another way of advancing national interests while still formally complying with the ground rules governing international trade. Likewise the scale of State assistance for industry has increased in response to the post-1973 recession. Precise international comparisons are not easy to make

as reliable and comprehensive figures indicating the scale of State aids to industry are very hard to come by. But the general impression is that Britain has become much more active than other countries in this area in the last decade or so. Certainly the investment incentives available here appear to be significantly more generous than elsewhere in Western Europe.

In addition, the financial support provided for industrial innovation, the scale of selective assistance for industrial projects outside the "assisted regions" and the sums now being put into the preservation and creation of employment for counter-cyclical reasons all appear to be proportionately greater than on the Continent. Even so, industrial policy has not escaped unscathed from the Government's public spending cuts. This year ministers are hoping to spend about £2.5bn. (at 1976 survey prices) on industrial assistance, subsidies and back-up services for indus-

try. This includes the sums being spent on industrial training and job creation. Another £1.4bn. will be going into the provision of loan capital and subsidies for the nationalised industries. In all, this is about 71 per cent. of total public expenditure, or about 31 per cent. of the Gross Domestic Product. This is somewhat less than two years ago. Industrial support as a whole, then peaked out at about £4.5bn. a year (again taking 1976 survey prices)—£2.75bn. for the private sector and £1.75bn. for the nationalised sector—or about 81 per cent. of total public expenditure and just under 4 per cent. of the Gross Domestic Product.

Changes

The 13 per cent. reduction in real terms between 1975-76 and 1977-78 is the net outcome of several changes. The regional employment premium has been phased out. Rather less is now being spent in support of aero-

space projects. Banks have agreed a larger proportion of export and home credit finance, and have been taken more foreign currency of medium and long credit. Economic nationalised sector, has been restored in a recession has helped sector's overall spending. As against those there has been a shift in expenditure on training, job preservation, creation under government's counter-cyclical policy. More is being spent on selective assistance programmes, both through the National Board and the Welsh Development, and directly by the of industry under the 1972 Industry Act. On the whole the changes to be welcomed.

CONTINUED ON NEXT PAGE

Williams & Glyn's believes that growth should solve problems not cause them

The opportunities that will come with growth in the economy may well present both small and medium sized businesses with a whole new set of problems. Having pared operations during days of recession, capital may suddenly be required for expansion.

It is possible that Williams & Glyn's can find ways of helping you to use existing capital more effectively. For example, by arranging leasing for plant and equipment or by the factoring of debtors. But if new finance is needed, we may be able to provide overdrafts or loans—with a repayment programme worked out with the projected cash flow pattern of your company in mind.

We believe that if there is a solution to a customer's financial problem, it is our duty to find it. That's a greater degree of commitment than many banks undertake. But then Williams & Glyn's is a rather different kind of bank.

So, if your problem is expansion, why not call in to see the manager of your local branch of Williams & Glyn's Bank. Or write to: Marketing Development Office, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London, SE1 9SX.

Five ways to more profitable business. 1 Working Capital. 2 International Equipment Leasing. 3 Development Capital. 4 Quick Decisions. 5 Documentary Credits.

WILLIAMS & GLYN'S BANK LTD. The most flexible of the big five banks. A member of the National and Commercial Banking Group and one of the Inter-Alpha Group of Banks.

هنا من العمل

Growing arm of the banks

WED suggestion by clearing banks that term lending in currencies other than sterling, mainly U.S. dollars. This has been made possible by the availability of funds through the markets in London, without the danger of restrictions under official credit controls and at interest rates which have generally been lower than the cost of sterling. For these reasons, this type of finance has proved attractive, though the possible dangers of the exchange risks involved if such finances are used for domestic purposes have been underscored by the effects of the last year's drop in the value of sterling.

TERM LENDING (£bn.)				
	1973	1974	1975	1976
November U.K. residents				
Sterling contractual loans including shipbuilding finance	1.7	2.0	2.7	3.2
Currency contractual loans	0.9	1.5	2.3	2.9
Total	1.6	3.5	4.9	6.2
Total lending to industry and trade	9.3	12.9	13.4	15.3
Percentage of contractual lending to total lending	26.8%	27.5%	36.7%	40.4%
Special export finance schemes	1.3	1.6	1.8	2.0

Source: Committee of London Clearing Bankers.

finance projects normally for up to 5 or 7 years and sometimes longer. Loans of this kind are provided on flexible repayment terms which can be adjusted to suit the needs of the borrower and often include a moratorium in the earlier stages of the agreement where the project being financed has a development phase during which it will not produce income. Rates can be linked either to the London interbank rate or to the bank's own base rate, usually adjusted at 6-month intervals, or less commonly the banks may provide a fixed rate loan.

Question The more significant development, however, and the area which raises the biggest question marks at present, has been the growth of medium-term finance in sterling by the banks. To some extent this has represented a conscious move by the banks themselves to encourage their borrowers to adopt what may be regarded as the most appropriate forms of finance for their purposes. In the past a good part of overdraft lending, normally repayable on demand and therefore basically short-term financing, has in fact been a permanent feature of company borrowing. Switching this hard core into medium-term loans has been one

aim of the banks' activities in this area. The growth of medium-term lending, however, has also been a part of the general extension of the facilities offered by the big bank groups. These have been developed to include a wide range of services such as hire purchase, leasing and factoring to supplement the basic overdraft business of the banks. The change has been accompanied by an increasing move to provide supporting advisory services particularly for the smaller company sector. When the banker is offering to lend for a period rather than simply giving an overdraft against security, it is inevitable in any case that he should take a closer interest in the financial character and prospects of the

Thinking At present the indications are that thinking is at a fairly early stage. Nevertheless, the banks said they would "continue to consider offering possible new forms of instrument for savers and depositors in order to increase their own capacity to provide industry with term finance." In particular, they mentioned, they would give "serious consideration to the possible development of floating rate notes as a complement to their existing range of term deposit facilities." The other line of approach if term lending becomes relatively too large is to find a way of taking some of it off the banks' books. This idea was put forward by Mr. Denis Healey in his Budget speech last year, suggesting that a proportion of medium-term lending could be re-financed through the Bank of England if further growth banks, as was pointed out by the Wilson Committee submission, "the annual repayments on the present portfolio of loans will be at a substantial level, thus providing a continuing contribution towards the advances for new projects coming forward."

and the strategy new forum for debate

MENT which has situation and, perhaps, concluding about the thing that there must be some-thing fairly fundamentally amiss investment has now — and calling for radical remedy new forum — Sir — about a financing system in's Committee on which allows it to arise. By institutions. — contrast, the City's own view is rather that the fault lies in inadequate profitability of companies' operations, and so lack of attraction in new investment projects, as a result of the City's bodies a flow of submissions describing how different financial systems available for industry. — ingly, the general — organisations — ring banks to the — companies — which — put in evidence in — e supply of loan — ut funds is avail- — while projects, — nderlined by the — number of con- — nding the bank- — ew equity bank, — for industry, and — Enterprise Board, — se in filling gaps last — traditional sources

Finance Corporation for Industry (FCI), which lends medium-term, under a £1bn. facility, to larger concerns and has £241m. on loan to 40 companies. FFI, reshaped in 1973 to bring together its various present constituent parts, has placed a considerable accent on providing for needs not traditionally catered for elsewhere. Its FCI side, for instance, enlarged in 1975 (at a time of cash famine in industry unlike today's conditions) is ready to lend for periods up to 10-15 years. This considerably adds to what is available from the big banks which, even after their recent move into medium-term lending, still advance cash for no more than seven, or sometimes up to 10 years at the most. This leaves a gap between these shorter periods and the 20 years or so for which insurance and other institutions sometimes provide mortgage and other loans. To date, however, there has been relatively little demand on FCI for longer term loans, probably because borrowers have been reluctant to tie themselves for any length of time to the high interest rates prevailing until recently. Virtually no lending beyond ten years has thus been undertaken as yet. FCI also shows flexibility over its type of interest arrangement. Though basically a fixed-interest house unlike the banks, whose interest rates are variable, it has provided some £100m. of loans at fluctuating interest rates. FCI claims that by being willing to lend for longer than the banks, it does demonstrate its willingness to take risks for the sake of financing industry, particularly as some 47 per cent of its loans are unsecured, in line with larger borrowers' normal arrangements.

At present there is no indication that the banks are facing immediate difficulties in sustaining the level of their term lending. But they feel that at some stage a limit must be reached to the extent to which they can support medium-term loans on the basis of their essentially short-term resources. The Wilson submission went so far as to say: "It is now doubt-

Provision Meanwhile, two of the bodies backed by the main investing institutions are emphasising their provision of a more specialist back-up to the regular flow of finance for industry, and have lately both been explaining their services to the committee shareholders. They are Finance for Industry (FFI) and Equity Capital for Industry (ECI). Finance for Industry (owned by the clearing banks and the Bank of England) embraces Industrial and Commercial Finance Corporation (ICFC) — with over £200m. invested in some 2,200 companies — and

Active ECI, at first a controversial project with the institutions, since there was considerable doubt about the existence of the gap it was designed to fill, has recently been active under its new chief executive, Mr. Alan Barrett. Launched with £41m. of paid-up capital it has as yet made only three investments, altogether worth some £5m., in Bond Worth Holdings, Renwick Group and UBM, the builders' merchanting group. It has now received over 100 applications, and is still looking at a third of these; it may well also announce more investments soon. The moves it has so far made have been characterised by close attention to management. Management and Board changes have accompanied its investments on two occasions. The evidence to the Wilson Committee by ECI, whose chairman is Lord Plowden, casts new light on its likely sphere of operations. Its probable catchment areas is seen as U.K. industrial companies with current market values of between £1m. and £20m., a category numbering about 1,000 concerns. The areas of likely investment are expected to fall into one of two broad categories. ECI has told the Wilson Committee that of these "the first category (which is likely to predominate) is of companies needing additional finance, which are already fully geared" [that is, at around the limits of their borrowing ability] "and presently have low profit margins." "The second category is of companies, not necessarily fully geared, which for a variety of more technical reasons cannot readily have recourse to the market." It has been made clear that in both types of situation ECI is prepared to take a longer term view of the cases. One possibility which is clearly envisaged by both FFI and ECI is that in suitable instances, joint financing arrangements may be put together, with everyone else having a learning FFI providing the loan, and ECI the share element.

te CONTINUED FROM PREVIOUS PAGE economic pricing instructed (and expects) to need sector, for achieved as its financial target for the three years to 1978-79 a real rate of return of 6 per cent. no other transport less. Above all, the restoration of hole to aim at profitability in the nationalised st 51 per cent. of sector is an essential first step rements from its towards establishing a more this year, as satisfactory government/nation-cent. in 1978-79. The need for improvement in -the Post Office, this area was made abundantly rt Docks Board, clear by the report of the rporation—hope McIntosh Committee last year. self-financing this Likewise there is also something to be said for the attempt to drive for profit to adopt a more selective the State sector approach to the provision of nic to see in com- State aids to industry.

really necessary or achieve what they are expected to achieve. There is some evidence to suggest that regional imbalances might have been greater in the absence of a regional development policy. But there is no evidence to suggest a causal link between industrial policy and economic growth. The danger is that once governments begin pursuing active intervention policies they become hostage to every major industrial casualty. Even worse, the conductor of industrial policy will be at the mercy of what ever political fashion happens to hold sway. The present Government decided to adopt a quasi-commercial set of criteria to govern the provision of selective assistance after the disasters of the workers' co-operative experiments in 1974 and 1975. But the greatest need, one would have thought, would be a series of studies of the results of past interventions with a view to establishing whether the objectives were achieved and, if not, why not, so as to illuminate the formulation of future policy. After all, governments like everyone else have a learning curve.

Obvious The change has obvious dangers and is not wholly welcomed by most businessmen, warning shots but selective schemes ought in of the State see- the Gas Corpora- effective. Certainly there was sufficiently well much evidence to suggest that off its capital REP was the least cost-effective fore it was in- mote regional policy. last April (in the price code), der whether the sums now being Office telecom- spent on cash incentives—some isness has been £1.2bn. this year alone — are

Colin Jones Margaret Reid

Here's the smooth way to finance your business expansion.

You have planned an expansion of your business, either by acquiring new premises, or by building an extension on your present site. Everything is in favour of the plan. Until you look at your budgeting. You are not going to jeopardise your liquidity so you need a loan. But with interest rates on a switchback the repayments could give your budget a very rough ride. The way to even out the bumps could be an "even spread" loan from Mercantile Credit: the amount of your payments will not change even when the interest rate does. And you will not have to worry about the loan being called in, or demands for accelerated repayments. Up to 75% of the cost or valuation can be lent, for up to 10 years. For more information call Derek Lee on 01-387 2828.

M Mercantile Credit
Commercial & Property Finance Division
29-30 Fitzroy Square, London W1P 6HD.



Get things moving with finance from Scotiabank

THE BANK OF NOVA SCOTIA

INCORPORATED IN CANADA WITH LIMITED LIABILITY
Executive Office: 44 King Street West, Toronto.

Scotiabank

Assets in excess of Can. \$20,000,000,000.
Over 1,100 Branches and Offices, including Aberdeen, Athens, Bahrain, Belfast, Brussels, Cork, Dublin, Edinburgh, Frankfurt, Glasgow, Jersey, London, Manchester, Oslo, Paris, Piraeus, Rotterdam, Thessaloniki—altogether 44 countries.
Regional Office Europe, Middle East and Africa: 12 Berkeley Square, London W1X 6HU. Tel: 01-491 4200.

MEDIUM AND LONG TERM FINANCE IV

Finance houses active

BMI The New Leader in Equipment Finance

Now, whenever you are considering a capital investment there is a new name to help you structure the most effective method of finance - B.M.I., Barclays Mercantile Industrial Finance Ltd.

B.M.I. has brought together the leasing and equipment finance services of Mercantile Credit and Barclays Bank to create the largest portfolio in the UK leasing market, with receivables totalling over £250 million.

And to match the size of its operation B.M.I. has a fund of skill and experience which has few equals, both in leasing and in other methods of financing the acquisition of capital equipment.

The time to talk to B.M.I. is as soon as any capital investment is considered. Our experience is available through a network of area offices.

BMI

Barclays Mercantile Industrial Finance Ltd., Elizabethan House, Great Queen Street, London WC2E 7DX. Telephone: 01-242 1234.

NOWADAYS about half of the new instalment credit granted by finance houses is to corporate bodies, and in spite of the difficulties experienced recently in the wake of the secondary banking crisis the industry is a major and growing source of funds for industry.

This represents a considerable change from the pattern of finance house lending in the years after the war. In the 1950s most finance houses were primarily concerned with the provision of instalment credit finance, mainly on the hire purchase contract.

Other advantages included the use of standard documentation, the absence of legal fees, and the fact that by taking security in the equipment financed, the buyer's existing credit lines are disturbed less than if there were a charge over his assets (which other lenders might demand).

An important advantage of instalment credit finance lies in the willingness of the finance houses to offer flexible repayment terms to suit the needs and cash flow patterns of individual customers. They may enable the borrower to pay on a seasonal basis if, for example, a farmer requires finance for equipment

which will be used intensively and profitably only at one time of the year.

It is possible to arrange for payments to be skipped in certain months when equipment cannot be operated—for example, the winter period for contractors. Payments may be accelerated for a commercial vehicle operator to pay off the bulk of the debt in the early part of the agreement when maintenance costs on the vehicles are low, or decelerated where there is a period before a piece of new machinery begins to produce revenue.

The main difference between instalment credit and leasing, which is an effective alternative for the finance of purchases of most types of fixed asset, lies in their tax implications. Under a hire purchase loan, the borrower finally owns the equipment being financed; and for tax purposes is treated as the owner from the start of the agreement. Under a leasing contract, though this may include an option to purchase at the end of the agreement, the equipment is owned by the lender.

A major development has also been the provision of leasing services, and to a lesser extent factoring, as alternative forms of finance. The finance houses were the first institutions to point out, to offer the facility of finance leasing during the period of active

innovation in the early 1960s, and while others including the banks have moved actively into this field the finance houses still undertook 30 per cent of the total of finance leasing last year.

The leasing business, however, has grown independently of the tax incentives involved which, as Mr. Stuart Errington, chairman of the Equipment Leasing Association, recently pointed out, have been changed at least 50 times in the past 17 years of the industry's expansion. Leasing, he insisted, would continue to grow because the concept depends upon the lessor's ownership, not on any tax incentives in themselves.

The consequence is that hire purchase will often be attractive when the borrower has sufficient taxable profits to take advantage of the capital allowances given on investment in new plant and equipment, which is in this case also reflected in the benefit of tax allowances to be passed to the lender—the finance house—owner and which is able to reflect this benefit in the charges made to the user of the equipment.

Leasing

A major development has also been the provision of leasing services, and to a lesser extent factoring, as alternative forms of finance. The finance houses were the first institutions to point out, to offer the facility of finance leasing during the period of active

Sources of venture capital

BECAUSE OF the recession and the general lack of incentives for the small entrepreneur the level of activity in one important sector of the medium- and long-term capital market—venture capital—has been around zero among many venture capitalists and at an extremely low ebb among others.

In recent months, however, the Government's attitude towards small companies has undergone a steady and noticeable change. It now seems more prepared to recognise that small firms, and individuals who want to start out on their own, can play a valuable part in the economy, both as generators of business and as employers.

This new approach, plus indications of an upturn in the general economy, seem to have led to a small, but recognisable, upturn in the number of individuals and companies seeking venture capital. This interest does not seem to have been translated as yet into any great quantity of fresh venture capital being invested, but there are signs that this may occur in the near future.

The importance of venture capital is often unrecognised. But then, this is not so very surprising when one thinks of how

often there is a failure even to agree on exactly what venture capital is. What it certainly is not is capital which is used to start off a totally new venture. That is start-up or "seed" capital, the demand for which is satisfied to a very large extent by the clearing banks through overdraft facilities.

Venture capital is essentially medium to long-term money which is used to develop a company beyond its initial phase. This can be a far more crucial phase than the outset, simply because the company will be seeking to expand itself into something which will require more defined controls, policies, areas of operation and physical resources. It is also at this stage that the effects of competition or any deficiencies in management may manifest themselves, so the risk attached to providing venture capital is obvious.

The main sources of venture capital are institutional, out there also exist many individuals and small, successful entrepreneurial companies which are prepared to put money into promising situations. An example of this latter type is a small electrical contracting firm in the North whose owner wanted to spread into new

pastures, but separately from his existing business. He therefore set up a separate company which owns a large warehouse and he is backing individuals or small companies which take space in his warehouse, basically giving them a year to prove themselves.

Into this latter category fall companies such as Charterhouse Development, which is largely interested in ventures needing £100,000 or more (although it will consider a small investment as £50,000) and already earning pre-tax profits of at least £50,000. This company, the oldest venture capitalist in the U.K., has not been relatively quiet for some time, merely servicing existing investments, but has more recently been active in seeking new ventures.

Another company is Gresham Trust, which will consider quite small investments—around £20,000 to £50,000—although it prefers to put up larger sums. Another merchant bank venture capitalist is Hambros Bank, which operates in a rather untypical fashion in that it organises and manages investments rather than putting up cash itself. The money comes from a syndicate of pension funds. Yet another unusual type of venture capitalist is the Small Business Capital Fund, which invests money put up by the Co-operative Insurance Society, and which is managed by industrialists rather than bankers.

One of the difficulties which venture capitalists always have to face is that their potential customers will often be entrepreneurs who are rather averse to some of the conditions attached to any investment in their company. Most venture capitalists will want a sizeable one. For example, the case of a very high risk investment, high risk investment, TDC will insist upon a 40 per cent equity stake, a 40 per cent equity stake, a 40 per cent equity stake, a 40 per cent equity stake.

At the same time the criteria for a public flotation, though—certainly companies must be making much profits these days to get go-ahead for a Stock Exchange flotation—so the time between investment and exit of a capital gain is extending. Without an active market, it seems unlikely that venture capitalists will be able to maintain any great interest in business unless another emerges.

Nicholas L.

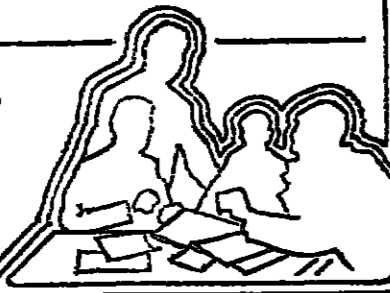
LEASING

WE SPECIALISE IN LEASING - HISTORICALLY OUR RECORD IS GOOD

We have first class documentation, a professional management service, and are able to match your requirements exactly. Enquiries from £50,000 upwards welcomed from potential lessees.

Speak to Neil Hiscox or Peter Cullen.

C.L.B. CAPITAL LEASE BROKERS LTD. Chronicle House 72-78 Fleet Street London EC4A 1HY Tel: 01-3531454



Issue market quiet

PROBABLY 1975 and 1976 will go down in stock market history as the years of the rights issue boom. They followed 1974, a year of plummeting share prices when companies only raised £120m. from equity issues (of which one company, Commercial Union, accounted for more than half). But in 1975 the total rocketed to the record level of £1.27bn., and was again over £1bn. last year.

So far 1977 has been a comparatively quiet period, however, but although the stock market has been firm for most of the time since last January only about £400m. has been raised by companies so far.

The past couple of years can be seen essentially as a period in which many companies took advantage of the opportunity to repair balance sheets ravaged by inflation. In 1974 many companies had been caught in the middle of a financial crisis which left the industrial and commercial company sector with a financial deficit of over £30p. at a time when they were being crowded out of the long-term capital market by the Government.

Their immediate action was generally to cut back sharply on stock levels and capital spending, allowing some reduction of debt. Their next move, in many cases, was an approach to shareholders for fresh equity capital. Decisions were sometimes encouraged by the scope for the above-average dividend increases which the Treasury allows when fresh capital is being raised.

But the rush is over. Higher profits and generous tax concessions have enabled many companies to improve their balance sheets out of cash flow, while in the depressed state of the economy there has been little call for finance for higher capital spending.

Equity rights issues have by no means always been the most common method of fund-raising by companies on the stock market, and the pattern is likely to shift again if inflation and interest rates ease in future. As recently as 1972 industrial companies raised nearly half of their new capital in the form of fixed interest loan, or preference capital, but recently the equity proportion has risen to over 95 per cent.

The reason is that once long-term interest rates rise much above 10 per cent, companies find it almost impossible to compete with the Government in issuing bonds. There is too much of a risk that inflation will slow down, sharply increasing the real cost of the debt. Companies cannot even

be sure that they will be paying enough corporation tax (thanks to the extent of relief on capital investment and stocks) to take advantage of the tax deductibility of interest payments.

So to the extent that they still rely on medium term debt (long-term borrowing is almost impossible) companies have in general turned to the more flexible packages offered by the banks. But the examples of the U.S. and the Eurobond market show that companies will again have a big demand for bond finance once interest rates fall back to more acceptable levels.

Drawbacks

Meanwhile companies have turned to the equity market as a place from which capital is more readily available on acceptable terms. Even so there are drawbacks in the rights issue mechanism. For one thing, it can be very expensive in terms of increased dividend commitments for companies whose shares already carry a high yield. That was one reason why UBM Group recently turned to Equity Capital for industry rather than a rights issue.

More generally, the rights issue is a rather inflexible method of fund raising; there are big technical problems when shares are standing below par in a company to raise much more than about a fifth of its existing equity capitalisation even though its requirements may be much more.

This has been especially true for companies rated at a big discount on assets per share, and with highly geared balance sheets. The £10.5m. raised by J. Lyons in 1975, for instance, was puny in comparison to its balance sheet total. Thus a number of companies have come back with a second rights issue—a Rolls-Royce Motors and Chloride provide instances of this.

Another problem is that companies cannot be sure of the stock market being in a healthy state at the particular time at which they need the money—in 1974, for example. So they tend to go to shareholders

because the money is there" at buoyant periods for the stock market, as insurance in case they are caught short in the future.

Furthermore, the stock market can be a rather backward-looking place, and companies often complain that share prices suffer unduly at times when the profits record is disrupted by major investment or reorganisation. The system is not well geared to assessing the potential returns from a project.

Against this, however, companies have to accept that they will largely be judged by their records. And as the LASMO issue has just shown—although it is admittedly a special case—the City is quite prepared to put up money for unfinished and risky projects so long as the case looks good enough and presented in an effective way.

If the U.K. economy starts to expand after three years of stagnation the next wave of rights issues could be more genuinely related to the need to finance increases in capacity, but it is arguable whether equity capital is the right choice for such finance.

On the basis of balance sheets adjusted for inflation—that is, taking in the up-to-date value of physical assets—the gearing of the company sector is in fact quite low. Even if inflation and interest rates remain too high for companies to consider traditional long-term fixed interest debt, there will be a strong case for reliance on new forms of debt capital.

A promising possibility is the issue of floating rate bonds by industrial and commercial companies. The Government has placed its seal of approval on the concept by launching two issues of Variable Rate Treasury Stock, and GEC's Floating Rate Notes have been successfully quoted on the stock market.

Admittedly the GEC Notes arose from a capital reconstruction and were not a means of raising fresh money. But the clearing banks are known to be studying the potential of this kind of paper, and it could become a much more common feature of company balance-sheets in the years ahead.

Barry Riley

For successful business with Japan you need long-term prospects.

As one of Japan's leading long-term credit banks, with assets of more than \$24 billion, we specialise in medium- and long-term financing and maintain good banking relations with major Japanese companies. Our staff of experienced banking experts is thoroughly versed in international financing as well as Japanese industry and can provide you with the comprehensive service necessary to set up business with Japan. For successful business with Japan, it will be to your advantage to consult us first.

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Head Office: Chiyoda-ku, Tokyo, Japan. Tel: 211-5111. Telex: 244208. London Branch: 3 Lombard Street, London EC3N 3JH, U.K. Tel: 623-9511. Telex: 235305. New York Branch: 140 Broadway, New York, N.Y. 10005, U.S.A. Tel: 797-4170. Telex: 235305. Amsterdam Representative Office: Schuytendijk 35, Amsterdam, The Netherlands. Tel: 228-1919. Telex: 15792. Frankfurt Representative Office: Schuytendijk 35, Frankfurt am Main 1, West Germany. Tel: 226-2538. Telex: 4-3223. Nissan European Bank S.A.: Boulevard du Regent 40, 1000 Brussels, Belgium. Tel: (02) 512 90 20 Telex: 62411. Sydney, São Paulo, Singapore, Los Angeles, Hong Kong.

Handwritten signature or mark at the bottom of the page.

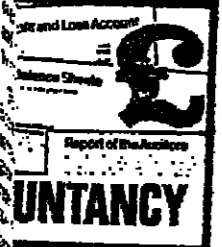
هنا من الأصول

accounting has been thrown back into the pot with a vengeance. The Accounting Standards Committee's proposals contained in exposure drafts were killed by a week-long attack of English chartered accountants who will replace them remains very uncertain, at least until the Accounting Committee (ASC), the top rule-maker on accounting matters, meets again at the end of the month.

When the Government-appointed Sandilands Committee reported in September 1975, it envisaged that CCA should be introduced in 1978. Now it is doubtful if an acceptable standard can take effect before the early 1980s. In the meantime, few would dispute the fact that conventional historical cost accounting continues to give a very misleading view of companies' results.

ED 18 was too complicated. It proposed a revolutionary change when valuation was called for, the whole system lacked a concept of purpose because of its failure adequately to deal with monetary items, directors were allowed too much discretion to manipulate results, some aspects appeared to be unworkable, and the timetable for implementation was inappropriate. While ED 18 sought to be comprehensive, simpler, less ambitious proposals concentrating on the three essential aspects of current cost accounting—fixed assets, stocks and monetary items—might not have proved so difficult to digest. This view is held, in particular, by the London District Society of the English Institute of Chartered Accountants. To prove its point it has already produced an alternative exposure draft, notable not only for its simplicity, but also because it claimed to have found a practical method of accounting for

monetary assets and liabilities—probably the greatest cause of intellectual controversy in the whole debate. Prof. Walter Reid of the London Business School is a prominent member of the London group and was also a member of the Sandilands Committee. He argues below that a practical method of CCA is now within our grasp. MICHAEL LAFFERTY



OF the past two years highlighted the real inflation accounting. During the period recent opinions have been expressed. On the one hand, the Institute of Accountants in Wales have passed a majority resolution not to wish any system of current cost accounting compulsory.

On the other hand, the Institute of Accountants in Wales have passed a majority resolution not to wish any system of current cost accounting compulsory. The background of two proposals: the Sandilands Committee, which has been severely criticised as too quickly and too great a measure to directors in the figures to be accounts.

adilands proposals are most appropriate in inflationary times. It has also been the needs of users come clear that decisions must be made about the degree of accuracy to be sought in Government, business, and individual accounts, the balance struck between objectivity and relevance, and the level of cost which it is reasonable to incur in preparing accounts.

Picking up the pieces of CCA

items—loans, creditors, debtors and cash. So what does the accountants' take signify? What do we go from here? Undoubtedly some of the support for the current cost accounting resolution is a resolved they are confident that sufficient progress has been made to support the issue of a simple current cost accounting standard along the lines recommended in the Sandilands report.

In the remainder of this article I should like to illustrate how historical cost information becomes irrelevant when prices change, how current cost accounting provides a solution to the price change problem and how the major criticisms of the Sandilands proposals including the treatment of monetary liabilities, and assets can be dealt with in a simple CCA system which contains simple and practical valuation rules.

Historical cost accounting: The problem with historical cost accounting when prices change can be illustrated quite simply. Let us consider the case of a small wholesaler paint business which has invested in a stock of 1,000 tins of paint which cost £10 each. The business sells the paint at £15 per tin immediately after the cost of paint has increased to £12 a tin (we assume that it can maintain its usual mark-up of 25 per cent on cost). In the historical cost accounts the profit will be shown as £5,000 (£15,000—£10,000) and the trading margin as 50 per cent on cost. But what do these numbers mean? The actual value of the economic resources consumed at the time of sale was £12,000. (The current cost of the paint) not the £10,000 historical cost and the trading margin achieved on this basis was 25 per cent, not 50 per cent. Moreover, if the amount shown as profit is regarded as free for distribution after paying tax—as it was at the beginning of the year—this will only be true in terms of the £10,000 money capital. In terms of operating assets, however (the going-concern paint business), the capital will have suffered one-sixth reduction.

Objectivity

Discussions about inflation accounting have drawn attention to the need to clarify, and if necessary redefine, the capital and profit concepts which are most appropriate in inflationary times. It has also been clear that decisions must be made about the degree of accuracy to be sought in Government, business, and individual accounts, the balance struck between objectivity and relevance, and the level of cost which it is reasonable to incur in preparing accounts.



Professor Walter Reid

ample illustrates the importance of introducing revised accounting systems for small as well as large businesses.

What is required is an accounting system which reflects the specific price changes which have affected the business. This is the CCA approach recommended by the Sandilands Committee.

Current cost accounting: If current cost adjustments are made in the paint company's accounts, the cost of sales becomes £12,000, the margins disclosed become the current 25 per cent on cost and the increase of £2,000 over historical cost in the value of the stock which had been held by the business is shown as a revaluation reserve in the balance sheet. It represents the additional money amount needed to finance the same quantity of trading assets: Profit is calculated after deducting this amount which will ensure that the business maintains its capital measured in terms of the acquisition cost of its operating assets.

Had the company held fixed assets, these would also have been revalued to their current value, with revaluation reserves appearing in the balance sheet. To the extent that such assets were consumed in earning revenue, depreciation would have been based on current value, not historical cost. The Government accepted the logic of the cost-of-sales adjustment, and by allowing a taxable deduction in relation to the increased investment of £2,000 in stock they avoid taxing the basic capital of the business.

The Sandilands answer was that the method of financing should not affect calculation of the current cost operating profit. But the committee stated that if directors, after preparing a cash forecast, felt that some holding shares could be released, they should make a transfer to the profit and loss account before arriving at the profit of the year. The committee did not propose any specific method for calculating the amounts which could be transferred, since, in its view the appropriate amount depended on the outcome of future events. The Mopeth Committee adopted a similar position.

ment, and by allowing a taxable deduction in relation to the increased investment of £2,000 in stock they avoid taxing the basic capital of the business.

Making adjustments of the kind shown does not institutionalise inflation in any way, as has been suggested by some critics. The accounts merely carry out their function of reflecting in money terms the position of the business.

Problems with CCA: It may be argued that the simplicity of the example I have chosen avoids the need to deal with the criticisms which have been made about the Sandilands CCA approach—these are that the system does not deal adequately with monetary liabilities and monetary assets, that it does not provide a "bottom line" figure which can be used to calculate earnings per share, and that the valuation procedures are too onerous when a wide diversity of assets are held. These are substantial points to which answers must be given.

(a) Monetary liabilities: The paint company in the example financed all its activities with equity capital, and to maintain its operations it would have to retain the whole of the £2,000 revaluation reserve. The question raised in dealing with monetary liabilities is—would the distributable profit have been different had the company been financed part of its operations with an overdraft or credit? Would any part of the revaluation reserves have become distributable?

The Sandilands answer was that the method of financing should not affect calculation of the current cost operating profit. But the committee stated that if directors, after preparing a cash forecast, felt that some holding shares could be released, they should make a transfer to the profit and loss account before arriving at the profit of the year. The committee did not propose any specific method for calculating the amounts which could be transferred, since, in its view the appropriate amount depended on the outcome of future events. The Mopeth Committee adopted a similar position.

The discretionary element in part of the fixed assets or unrealised stock revaluation re-serves shown in the balance sheet, clearly defined "bottom line" distributable profit, calculated according to specific rules, has been urged. It is a question worth further debate as to whether a single "bottom line" further reduced they must make retentions.

A fuller description of this approach to monetary liabilities is contained in the submission by the London District Society of Chartered Accountants to the Mopeth Committee. b) Monetary assets: The problem of dealing with monetary assets in the CCA system is to identify the extent to which they are being eroded in inflationary conditions. It is too simple an approach to say "when in doubt adjust by the RPI." For example, let us assume that an investment company sells investments in anticipation of a fall in prices and holds cash. It could happen that the share price index falls by 20 per cent, and the RPI goes up by 15 per cent. It would then be difficult to say that the company has made a 15 per cent purchasing power loss. The solution which has emerged for dealing with monetary assets is that they should be adjusted when the appropriate price change can be clearly identified, for example where they form part of the stock replenishment cycle or can otherwise be related to specific non-monetary assets. But where no link can reasonably be established, no adjustment should be made.

Average ratio

This approach to the measurement of profit is intended to reflect the average ratio of debt to equity in the year and assumes that it will be maintained by the "going concern business." If the paint company distributes the balance of the £3,600 left after paying tax, it will be as well off (as a current value for assets and liabilities) at the end of the year as it was at the beginning—in terms of its operating assets measured at closing prices.

A similar writing-back of a proportion of the charge for extra depreciation would have been appropriate had the company held depreciable assets. Since the adjustment relates to the current cost deductions in the profit and loss account, there is no reason to doubt that company accountants, auditors possible.

and directors will be able to arrive at satisfactory solutions in the interim period—even if this is done simply by retaining historical cost figures. In most cases the "difficult" assets, including old assets and those subject to unusual technological change, will be a small proportion of the total; and where a significant element of judgment is involved, the valuation approach used can be set out clearly in notes to the accounts.

As for the majority of assets, the primary issue concerns the degree of accuracy which should be sought. Valuation of individual items of fixed assets and stock will, in many cases, impose an unacceptable and unnecessary burden. The relevant question then becomes whether the margin of error, relative to the total value of assets, will be significant if fixed assets and stock are grouped into three or four major categories and their historical cost is adjusted using price indices which relate to the specific assets held. There is significant evidence from the companies which have already adopted this approach that it is adequate for the vast majority of assets. The safeguard that assets should be disclosed at the lower of a) current cost or b) the higher of net realisable value or recoverable amount, still operates to prevent indexation leading to unrealistically high figures.

The danger to be avoided is that small areas of real difficulty are used as a basis for arguing that nothing should be done at all. A great deal of careful thought and work has gone into establishing ways of adjusting historical cost accounts to allow for price changes. The CCA approach proposed by the Sandilands Committee, with the addition of a simple monetary items adjustment, appears to ensure that users are presented with relevant information. If users' needs are to be of primary concern, the accounting profession should, without further delay, issue a simple CCA exposure draft to be implemented as soon as company accountants, auditors possible.

in a language fast
face-to-face
with a native speaker
BERLITZ
The world's most successful language teachers can group tuition, private lessons or a TOTAL IMMERSION course tailored to your own abilities and personal goals. Courses starting now.
Also translation and interpreting services.
St. 5 Portman Sq., 79 Wells St., London. W1J 0JF. 01-486 1931.
London. Ring 686 2862. Birmingham 640 4334. Leeds 355 336.
Manchester 228 3607 and Edinburgh 226 2677.
01-486 1931

King at Leicester No14
39 Leicester-West Midlands motorway this week. The M1 skirts the city with nearby. Before you choose a place miles from anywhere, look at what Leicester has to offer.
Enquiries to:
Gordon K. Smith Esq., City Estates Surveyor,
New Walk Centre, Welford Place,
Leicester, LE1 6ZG.
Telephone (0533) 549822 Ext. 6760.

CONFERENCE TRICK
How to impress up to 600 people with full presentation equipment, catering facilities and splendid hotel service.
A conference has to be a headache for someone, so if you're the one you should share the problem with us. We start with an advantage. At our hotels in Leeds, Middlesbrough and Bristol we have everything you need on site.
That includes space for up to 600 people, presentation equipment, platforms, sound systems, special lighting, a choice of menus, overnight accommodation and more.
We've had a lot of experience with conferences, so we know how much easier your life will be if it all happens the way you planned.
Post this coupon and then we can get together.

Ladbroke Hotels
Built with pride, run with confidence.
Ladbroke's leisure

BUSINESS PROBLEM

BY OUR LEGAL STAFF

For many years I have received a capital allowance for my car, which is necessary to me in my profession, one-eighth being deducted for private use.

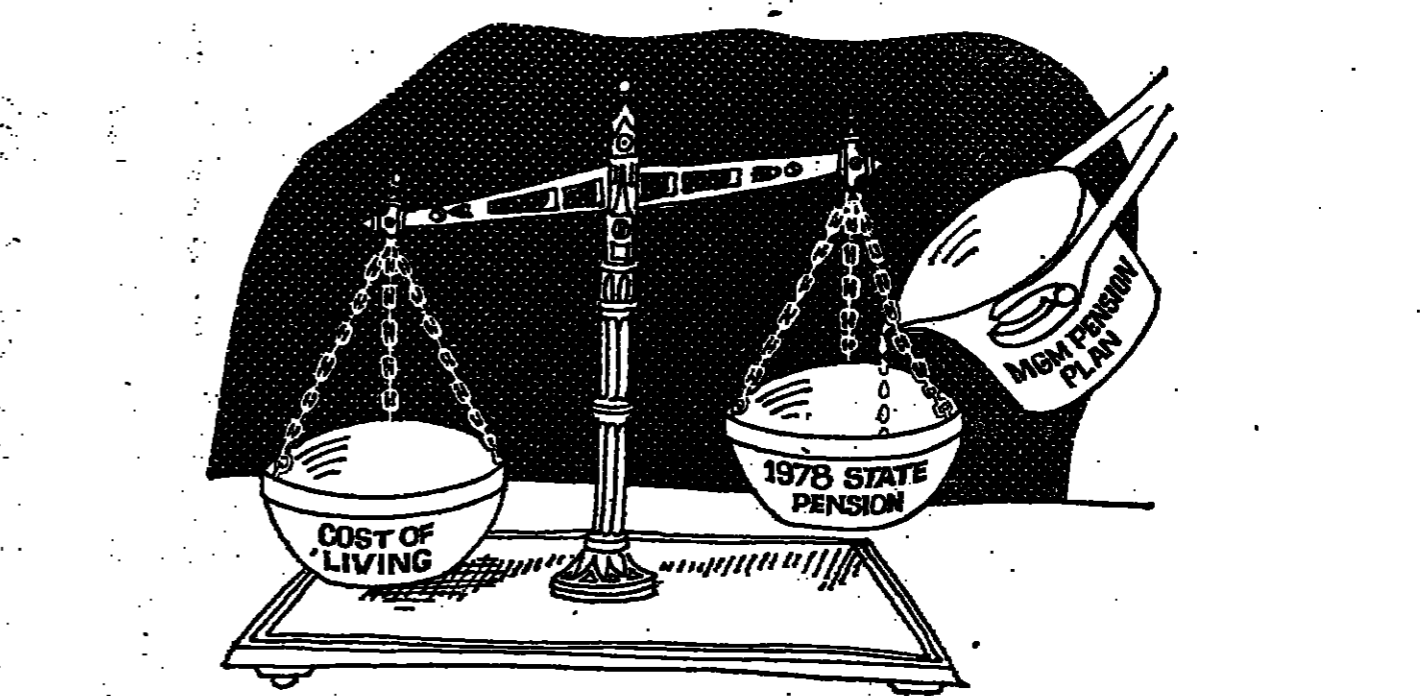
In September, 1975, I sold my BMW 525 and bought a new Bristol saloon at a price of £14,500. The revenue queried the purchase on the grounds that they contended that the Bristol must have been purchased out of regard, in part at least, of consideration of my own personal choice and not the requirements of the business. They suggested a disallowance of 50 per cent in respect of personal choice. The point at issue is the one of "personal choice." Before I bought the Bristol I inquired of the Revenue whether I would receive capital allowances in excess of the standard £1,000 per annum should the car be sold and should a greater loss. I was assured that this would be the case and, moreover, they forwarded to me booklet "CAL" which makes no reference whatsoever to the doctrine of "personal choice." What, please, do you advise?

The problem would not arise if there were no private use of the car. Where a car, etc., is used partly for private purposes, paragraph 5 of schedule 8 to the Finance Act 1971 says that capital allowances are to be restricted "as may be just and reasonable having regard to all the relevant circumstances." One of the relevant circumstances is undoubtedly the question whether the contemplated private use influenced the choice of a more expensive car than would have been purchased for business use exclusively.

If you can satisfy the inspector (or the appeal commissioners) that a car of the same quality would have been purchased if you had had no intention of ever using it privately, then it would be reasonable and just to apportion the capital allowances solely by reference to the distance travelled on business and private journeys. Your best hope of progress probably lies in making an appointment for a chat with the tax-inspector.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be considered by post as soon as possible.

FOR YOUR TEMPORARY ACCOUNTING PROBLEMS RING 01-353 5624 ILPAR
ILP Accountancy Recruitment Limited
4 New Bridge Street, London EC4V 6AA



Will the 1978 state pension plan be enough?

Can the smaller company afford to supplement the new state scheme, without stretching its administrative and financial resources in the unpredictable future?

With our new pension plan, the answer has to be an uncompromising yes.

Because if the smaller company were to design its ideal pension plan, ours would almost certainly be it.

For a start, the participating company pays into the plan only as much as it can afford, and enjoys the advantage of maximum tax concessions.

Under our plan, the burden of administrative and trustee responsibilities is assumed free of charge by a subsidiary of MGM Assurance, formed expressly for the purpose. Documentation consists of a single application form.

The plan offers maximum advantage to individual employees. The cost of life cover is extremely competitive, and this ensures maximum contribution to the pension itself.

The benefits are also highly flexible, whether at retirement or on death.

The name of the plan is 'Design for Retirement' which is apt, because the package has been carefully designed with the future in mind.

For further information, see your financial adviser, ring Denis Dibben, Technical Sales Manager, on Worthing (0903) 204631 (or 01-623 8211) or complete and post the coupon at our expense.

To: MGM Assurance,
Freeport, Worthing, West Sussex BN11 3BR.
(No stamp is needed)
Please send me further details of your 'Design for Retirement' Pension Plan.
Name _____
Position _____
Company Name _____
Company Address _____
FT10
MGM ASSURANCE
Established 1852
Marine and General Mutual Life Assurance Society

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1891)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telephone Day & Night 01-245 8000. Telexgrams: Financ, London
Telex: Editorial 886341/2, 883897. Advertising: 883043

David Wainman interviews the Labour, Tory and Liberal taxation spokesmen and finds some surprise

Overlap of party opinions on tax reform

HOW SATISFACTORY is our present system of personal taxation? If there are shortcomings, what changes would you like to see? Discussion of these questions with the three Members of Parliament who speak for Labour, Liberals and Conservatives on taxation matters, perhaps surprisingly, produced a fair overlap of opinions.

Taxation policy in a medium to long term context is often difficult to discern. Budget changes tend to be proposed chiefly for purposes of short term management of the economy: opposition appears frequently to be grounded in no better rationale than the hell of it. Promising tax reductions is conventionally seen as a siren song certain to attract voters. But voters are becoming more discriminating; they prefer politicians to have policies rather than songs.

Mr. Joel Barnett is Chief Secretary to the Treasury. One of the major functions of that office is control of government expenditure estimates and out-turn, but he has not allowed this to interfere with his active interest in tax.

The main defect of personal taxes according to Mr. Barnett lies not in their structure, but in their profile. The curve is too steep at both the bottom and the top. At bottom, a man crossing the tax threshold finds his marginal tax rate leaps from zero to 35 per cent—much too violent a first step in the dance. At the top of the scale, the rates are simply too high. Altering the profile will not make taxes simpler. The particular alterations or permutations, to achieve Mr. Barnett's objective for those at the threshold of tax, would almost certainly mean a re-introduction of reduced rate bands. It would also necessitate alteration of the threshold itself and of the standard and higher rates and their income bands.

He is therefore clear that the change must await an occasion when the Chancellor has available a massive amount to give away in personal tax reliefs, although some contribution may be found from what he sees as a further necessary shift from direct to indirect taxation.

Complexity is not a factor which worries Mr. Barnett. He accepts that few taxpayers understand the impact of tax sufficiently well to be able to say what their marginal rate is. Most tend wildly to overstate it. Many, if not most, think of their earnings in terms of take-home pay, regarding tax as something which their employer must look after—and look after in such a way that the pay packet is adequately filled. Mr. Barnett's search for the "fair" profile of tax is altruistic: taper the taxes for the good of those at the bottom end, even though those who profit may not always understand.

This leads to a series of wider questions about taxes. To what extent do high tax rates act as a disincentive? If those rates are recognised as in part redistributive, is the "fairer" society in which incomes are redistributed likely to alter anyone's motivations, whether the "social wage" provided for them out of taxes is greater or less than their own tax payments? Mr. Barnett answers both questions generally in the negative. High tax rates are not in his view likely to make the young executive work less hard. They may discourage mobility: he high ideals with which they had may not be tempted to move how they will cut expenditure allowances and cash family allowances. We therefore have the two integrated into the revenue direction into the mother's drawing, and out of the father's tax calculations.

Mr. Howell is keen to sort out what he regards as a particular nonsense in child benefits, but otherwise he recognises that further steps towards a full system of tax credits are bound to be gradual and spread over the life of at least one Parliament. He sees the gravest defects of the tax system being mitigated, if not entirely solved, by the combined effect of child tax allowances and cash family allowances. We therefore have the two integrated into the revenue direction into the mother's drawing, and out of the father's tax calculations.

Mr. Howell is keen to sort out what he regards as a particular nonsense in child benefits, but otherwise he recognises that further steps towards a full system of tax credits are bound to be gradual and spread over the life of at least one Parliament. He sees the gravest defects of the tax system being mitigated, if not entirely solved, by the combined effect of child tax allowances and cash family allowances. We therefore have the two integrated into the revenue direction into the mother's drawing, and out of the father's tax calculations.

Spain's good intentions

THE NEWLY elected Government of Sr. Adolfo Suarez has announced a courageous attempt to tackle Spain's pressing economic and social problems. With unemployment at six per cent, inflation threatening to reach 30 per cent by the end of the year and the balance of payments deficit soaring, it has long been clear that the new Government would have to act quickly and decisively on the economic front as soon as last month's elections were safely over. But Sr. Suarez has also chosen to reach beyond the immediate economic crisis and confront the country's rich, powerful and conservative classes with tax reform plans that could lead to a major redistribution of the nation's wealth.

Devaluation

For the moment, the Government's statement remains largely one of good intentions. Apart from the devaluation of the peseta, few concrete measures have been announced, and if Sr. Suarez's general aims are now clear, the precise ways in which he plans to achieve them are not. Nevertheless, the first outline of the Government's plans looks fairly well in line with the OECD's recommendations on the Spanish economy, coincidentally also published yesterday. Depreciation of the peseta, tax reforms, restriction of the money supply and liberalisation of interest rates all figure both in the OECD report and in the Government's statement.

A peseta devaluation soon after the election had been widely expected. Indeed the expectation may itself have forced the Government to act rather more quickly than it would have liked, as there were good arguments for waiting a little longer. Foreign currency receipts from tourism, now entering its peak season, would very probably have been higher if the peseta's value could have been maintained until the autumn. Equally, with Spanish industry approaching its annual shut-down period for the holidays, the impact of cheaper prices on exports is likely to be delayed until September or October.

Further measures to boost exports will in any case almost certainly be needed if devaluation is to have the desired effect on the trade deficit.

The size of the devaluation is also going to make the Government's efforts to curb inflation that much harder. The OECD is right to warn of the danger of a depreciation/inflation spiral if the impact on domestic prices cannot be neutralised by strict monetary policies. Apart from signalling its general intention of restraining the growth in money supply and shifting the burden of taxation from indirect to direct taxes, the Government has so far announced no specific measures aimed at keeping prices down.

Sr. Suarez's hope, of course, is that his "soak the rich" fiscal policies, combined with relief for the poorest and higher unemployment benefits, will help to persuade the trade unions to play their part by moderating wage demands. Certainly tax reform has been one of the unions' major public demands. But the unions have not been showing great enthusiasm for co-operating with the Government, particularly as they claim that full trade union freedoms have not yet been restored, and will in any case first want to see that the new tax policies are being effectively applied.

Credentials

It is far too early to tell whether Sr. Suarez's immediate programme will succeed, still less whether he will manage to restructure Spanish industry to the point where it can compete effectively inside the Common Market. Yesterday's statement confirmed that an entry application will soon be lodged in Brussels. Now that Spain has the political qualifications for membership the pace of the country's integration into Western Europe will depend heavily on its success in establishing economic credentials. Sr. Suarez chose quite deliberately to tackle the political problem first. But continuing political stability will only be fully assured once he has solved the economic problem too.

The hard case of picketing law

REFORM OF the law on picketing is easier to propose than it is to carry out. The Government is no doubt aware of this, in spite of the statement made by the Secretary of State for Employment, Mr. Albert Booth, in the Commons yesterday to the effect that he will start consulting interested parties to see what improvements can be made in what is by common consent an extremely difficult branch of the law.

Whether these consultations will have much practical effect is open to doubt. Mr. Booth's statement, like the Prime Minister's subsequent plea to both sides in the Grunwick dispute to "draw back" so that yesterday's High Court verdict on one of the matters at issue could be accepted, was essentially part of a concerted Government effort to calm everyone down following the disturbing scenes at the mass picket in Willesden, North London, on Monday.

Persuasion

From the Government's point of view, keeping the peace is of paramount importance (and from the Labour Party's point of view getting this issue out of the way as quickly as possible is of at least equal importance), so it is perhaps understandable that Mr. Callaghan should have taken the curious step of appearing to ask one party to a legal dispute—Mr. George Ward, chairman of Grunwick— to relinquish his legal right to appeal against the verdict, which upheld a decision by the Arbitration Service that his company should recognise the trade union, APEX.

In spite of this background, Mr. Booth's call should be taken seriously. At present pickets enjoy a right of peaceful picket line, but they are frustrated when the people whom they wish to persuade are driven through factory gates in buses for how long.



The three MPs in question: Mr. Joel Barnett (Chief Secretary to the Treasury), Mr. David Howell and Mr. John Pardoe (Conservative and Liberal spokesmen, respectively).

from the comforts of the South East to Liverpool for an extra £2,000 per annum. High taxes may also act to some degree as a disincentive to the successful entrepreneur, or professional man. The extent of demotivation arising from high tax rates is, however, vastly exaggerated.

Mr. David Howell, for the Conservative Party, does not see high tax rates in the same light. His party's policy is to cut, drastically and immediately, the rates of income-tax. He is not in favour of introducing reduced rate bands, because he wants to cut the standard rate to a level at which the step over the threshold is not great enough to worry anyone. Conservative policy also includes changes in capital taxation, particularly the intention to transfer the tax from the tax on the reduction of revenue collections from income-tax which Conservatives are seeking, and the "tax credit" scheme developed by Mr. (now Sir Arthur) Cockfield. Tax credits, sometimes referred to as negative income tax, involve extending the "tax" system so that it can be used to pay a number of the benefits at present disbursed by the Department of Social Security.

Tax credits were the subject of a Green Paper in October 1972, and this was examined by a working party of officials from the Revenue and the Social Service Department, and then by a Select Committee of the Commons. Their reports concluded that setting up and administering a tax credit scheme would be very complex and therefore introducing it could only be long-term objective, requiring more time than had been thought. A prime example of the difficulties of integrating tax and benefits is clearly visible to-day. It was regarded as unacceptable to put into the father's pay packet the

or lorries. They turn, therefore, to the modern device of "mass picketing" in an effort to bring vehicles to a halt by sheer weight of numbers. The police have to manage as best they can; on Monday the result of the crowding of thousands of people and police in narrow streets was a large number of arrests and injuries.

The most widely canvassed compromise solution is one that gives a right to stop vehicles while the drivers and/or passengers are addressed by the pickets; in return for this, it is said, the unions would enforce a voluntary code that would keep the numbers of pickets down to half a dozen or so, and identify them by means of armbands.

The difficulty with this proposal is that people have a right not to be stopped; the trade union response that "strike-breakers" are involved because they are acting against the interests of the strikers is not a good enough answer to this right. In any event it would be unacceptable for pickets to be given the right to halt vehicles (which "pickets" of which parties to the dispute? which disputes?), while giving the task formally to the police would be an additional political burden that they would not gladly shoulder.

Informal

Informal arrangements are already made by some local police forces, in some cases, in the exercise of their discretion. The difficulties of a new legal Advisory, Conciliation and Arbitration Service that his company should recognise the trade union, APEX.

In spite of this background, Mr. Booth's call should be taken seriously. At present pickets enjoy a right of peaceful picket line, but they are frustrated when the people whom they wish to persuade are driven through factory gates in buses for how long.

MEN AND MATTERS

Deutschland uber NATO?

At the meeting of NATO Defence Ministers in Brussels in May, Georg Leber, the West German Minister, somewhat shocked his audience by producing figures showing that Americans held 26 senior NATO command posts and so did the British. But the Germans held only ten. The situation was no better, he went on, if one counted the number of stars. The ten German Generals had only 24 stars between them. The Americans had 73 and the British 66. A few days later the Military Affairs Correspondent of the Frankfurter Allgemeine followed up with a long article headed: "NATO is still an Anglo-American club."

Was this a German bid to take over the Alliance? Not at all, said the British, who denied that Herr Leber had ever even made his remarks. Not at all, said the Germans: "If we have any criticism of the distribution of the command posts, it is certainly not directed at the Americans."

Two months later, German persistence has paid off. A new Deputy-Supreme Commander of Allied Forces, Europe is to be created and he is to be a German. Other German postings are apparently on the way and unless the British are particularly lavish with their stars, the Anglo-German gap will be at least partially closed.

The betting for the Deputy SACEUR is on Lieutenant-General Gerd Schmuedicke, at present Director of NATO's International Military Staff in Brussels. Two possible disqualifications, however, have first to be overcome. Schmuedicke has only three stars, though that can easily be changed. He was also once the official spokesman for the West German Defence Ministry under a Christian Democrat Government. One of



"If only George Ward and Arthur Scargill would follow his example!"

Delving into SIFAM

"Suffice it to say I went off to Torquay for the Grand Tour, to see what goes on behind the dial, to witness the birth of a knob, to delve indeed into wholly uncharted waters."

With these words William Rushton, bizarre and poorly prophetic of the English absurd, describes his Odyssey to the depths of glorious Devon in search of the truth behind SIFAM.

Why did he bother, you may ask. The short and prosaic answer is that SIFAM is celebrating its 50th anniversary as a specialist dial and meter company. Managing director Ian McKenzie decided to celebrate by commissioning something other than the usual birthday issue, complete with yellowing sepia photograph of the founder in moustache and straw-hat and progress through the years.

He was steered in the direction of William Rushton who obliged with a highly idiosyncratic account which will now be released to the company's unsuspecting clients, customers and staff.

Understandably Rushton glossed over the French origins of the company name — "I used to mean something like VSOP or RSVF" — because it was actually once called Societe Industrielle pour la Fabrication d'appareils de Mesures, and the scope for getting that wrong is obviously enormous. But I checked up with McKenzie who explained that his father, who founded the family firm in 1927, used to be the British

agent for the French company

knocked the bottom out of the company's exports to the U.K. and McKenzie pere set up on his own.

The original French company has sunk into oblivion, as have many of SIFAM's former competitors, leaving the Torquay company to carry on producing its dials, coils and meters, of which it sells some £24m worth annually. McKenzie estimates that around 85 per cent of output is exported indirectly through incorporation in engineering and scientific equipment and 20 per cent is exported directly.

As to what it is all used for Rushton waxed lyrical and listed measurement of:

The explosive content of air, The freezing point of cod, The steam in vintage steam powered cars, Occasional acts of God, The growth of Christmas puddings, Or simple miles per hour.

But I think there might be a small degree of poetic licence involved in his by no means exhaustive inventory.

Forearmed

What diplomatic correspondents describe as "a usually reliable source" reports sighting the following combination on a Circle Line train: a young man with a squash racquet in one hand and a bottle labelled "acrylic resin for shell closures" in the other. Is that sporting?

Ouch!

Our occasional Home Counties informant reports the following sign stuck on the badly dented boot of a Mercedes parked in Basingstoke: "Please do not touch. It still hurts."

Northampton



Northampton is the major shopping and commercial centre for the area. New office buildings and sites are available. It has easy access to the M1 motorway and lies midway between London and Birmingham. It's an ideal centre for distribution.

Northampton's new employment and residential areas are attractively landscaped. Houses are available for sale or rent.

Northampton has much more to offer. To find out how write to L Austin-Crowe, Chief Estate Surveyor to Northampton Development Corporation, 2-3 Market Square Northampton NN1 2EN or phone 0604 34734 and ask to speak to him.

Observer

COMPANY NEWS + COMMENT

Hogg Robinson 36% rise to over £8m.

WITH ALL PARTS of the group contributing through increased business and by reducing expense ratios, pre-tax profit of Hogg Robinson Group international insurance and reinsurance brokers, underwriting agents, shipping, forwarding and travel agencies, improved by 36 per cent. to £8.06m. in the year ended March 31, 1977.

At half-time, reporting an increase from £2.02m. to £2.55m., the directors said that they were confident that the group would have another successful year.

Treasury permission has been received, in the context of last August's 1-for-5 rights issue, for an increase in the dividend total from 3.35p to 3.25p per 25p share. The net final is 2.275p. Earnings are shown ahead from an adjusted 18.85p to 18.25p.

COMPANY	Page	Col.	COMPANY	Page	Col.
A.C. Cars	21	7	Marks & Spencer	21	6
Anglo American Asphalt	18	5	Meyer (Montague L.)	19	1
Concrete	18	2	Neil & Spencer	20	1
Cropper (James)	21	3	Pilkington Bros.	20	6
Dares Estates	21	7	Provident Life	18	7
Diamond Stylus	18	5	Pullman (R. and J.)	21	3
ERF Holdings	21	4	Ratners (Jewellers)	21	1
Fuller Smith	21	2	Riley (Robert)	21	6
Hogg Robinson Group	18	1	Savings Bonds	21	3
International Timber	19	1	Sieba Gorman	21	8
Inveresk Group	20	6	Toothill (R. W.)	18	5
Kenning Motor	18	4	United British Secs.	18	8
Lees (John J.)	21	2	Watson (R. Kelvin)	21	5
Macpherson (Donald)	18	5	Wilkinson Match	21	1

Turnover 1976-77 1874-75
 U.K. revenue 18,747 18,747
 Overseas revenue 3,300 2,997
 Lloyd's underwriting 1,266 1,246
 Shipping, etc. 4,281 4,704
 Profit before tax 8,864 5,933
 Finance income 1,214 1,000
 Share issue 236 137
 "Favorable" income, etc. 1,873 1,327
 Share issue 236 137
 Exchange gains 235 233
 Taxation 269 297
 Dividends 1,863 1,519
 Retained 1,344 473
 Dividends 1,740 2,388

potential for recovery in freight, growth in travel agencies and fast progress in the new Persian Gulf broking operation. The yield of 3.8 per cent. at 148p is slightly above the historic average for the sector.

Latter half leap by Concrete

MANUFACTURERS OF structural pre-cast concrete and steel, etc., Concrete reports an advance in turnover from £24.7m. to £31.7m. for the year to March 31, 1977 and a jump in pre-tax profits from £1.55m. to £2.44m. Earnings are given as 12.4p (8.6p) per 25p share.

1976-77	1975-76
Turnover	24,700
Profit	1,550
Pre-tax profit	1,550
Tax	1,278
Dividends	1,278
Retained	1,278

At mid-way when profits were £601,000 compared with £895,000, the directors said they expected final results to be marginally better than those for 1976-77. Following the Board's recommendation to shareholders to accept the bid from the Saudi Arabian concern National Chemical Industries of £1.25 per

Ordinary share, no final dividend for the year is recommended. Thus the interim payment of 1.5p net per share compares with last year's total of 2.146p.

Holders are told that a statement will be circulated as soon as practicable setting out the terms of the offer.

Kenning Motor sees record

FIRST-HALF pre-tax profit of Kenning Motor Group expanded from £1.58m. to £2.65m. and Mr. C. Kenning's chairman is confident that results for the full year to September 30, 1977, will show an improvement over last year's record £4.94m.

Basic earnings per 25p share for the half year are shown to be up from 3.2p to 5.3p and from 2.1p to 4.7p fully diluted. The net interim dividend is 1.3p (1.3p)—last year's total was 3.7162p.

Trading in new and second-hand vehicles improved despite shortages. Service results were well up although profits on parts declined due to a lengthy strike at the factory. Truck centre sales and profits also improved, the directors report.

Kenning Tyre Services showed a marked increase in both sales and profits. Kenning Contract Hire again showed record figures. Kenning Car Hire made substantial progress with more depots and vehicles being added to the fleet.

Given the necessary deliveries, the combined car and contract hire business should amount to about 12,000 vehicles this summer, operating from 100 depots, they state.

Further increases were achieved in sales of motor fuels and lubricants. Distributors produced better results due, in part, to the more inclement weather.

Euston Centre shows growth

George Wimpey and Co. subsidiary Euston Centre Properties expanded revenue from £1,183,244 (£0.39m.).

to a record £1,557,310 subject to tax of £792,526, against £599,739, for the year ended March 31, 1977.

Dividends absorbed £760,000 (£580,000).

At half-time when revenue was £730,000 (£589,000), the directors anticipated a full-time figure in excess of £1.4m.

Kenning Motor sees record

FIRST-HALF pre-tax profit of Kenning Motor Group expanded from £1.58m. to £2.65m. and Mr. C. Kenning's chairman is confident that results for the full year to September 30, 1977, will show an improvement over last year's record £4.94m.

Basic earnings per 25p share for the half year are shown to be up from 3.2p to 5.3p and from 2.1p to 4.7p fully diluted. The net interim dividend is 1.3p (1.3p)—last year's total was 3.7162p.

Trading in new and second-hand vehicles improved despite shortages. Service results were well up although profits on parts declined due to a lengthy strike at the factory. Truck centre sales and profits also improved, the directors report.

Due to increased expenditure on repairs and renewals, profit of Kenning Estates, a subsidiary, dropped slightly from £0.73m. to £0.69m. before tax of £0.39m. (£0.39m.).

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
AC Cars	0.35	Aug. 26	0.33	—	0.95
Anglo Am. Asphalt	2.17p	Sept. 8	2.58p	3.67	3.33p
Bogod-Pelepah	0.51	—	0.55	0.88	0.8
Bogod-Pelepah "A"	1.21	—	1.1	1.76	1.6
Diamond Stylus	0.76p	—	0.82	1.21	1.28
ERF (Holdings)	1.75	—	1.1	1.0	1.1
Hogg Robinson	2.25p	Oct. 3	1.43	3.53p	3.38
Intl. Timber	3.7	—	3.39	6.2	5.64
Inveresk Group	1.98	Sept. 23	1.25	7	4.36
Kenning Motor	1.3	—	1.14	4.13	3.72
Donald Macpherson	0.94	Sept. 5	0.86	—	2.36
Mort. L. Merer	2.83	—	2.85	4.13	3.75
Neil and Spencer	0.81	Sept. 15	0.65	—	1.79
R. and J. Pullman	5.78p	—	3.2	8.26	7.51
Ratners (Jewellers)	1.55	—	1.14	1.08*	1.08*
Robert Riley	0.53	July 31	0.65	0.83	0.83
Sieba Gorman	3.08	—	2.75	3.01	4.55
Riverview Rubber Estates	—	—	—	—	—
R. W. Toothill	Nil	Aug. 15	5	7	16
Utd. Brit. Secs.	1.95	Aug. 31	4.83	7.95	6.85
R. K. Watson	1.12	—	1.03	3.12	1.98
Wilkinson Match	4.85	—	4.41	8.24	7.49

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †Gross throughout. ‡2.435p final expected on increased capital. §Matrasian cars throughout. ¶In accordance with terms of merger with United Spring and Steel.

Toothill deficit £149,605

A SECOND HALF LOSS of £79,594, compared with a profit last time of £194,006, gave furniture manufacturers R. W. Toothill a pre-tax loss for the year to March 31, 1977, of £149,605, against a profit of £308,368. The directors said that they were confident that losses would be eliminated by the year end.

They now say that in common with many others in the industry, the company experienced unexpectedly difficult trading conditions and instead of making the progress anticipated, further losses were incurred.

The loss per 25p share is shown as 4.90p, against earnings of 31.17p, and there is no final dividend, compared with a total last year of 4.19p net. The interim was also passed.

Sales excluding VAT fell by 20.97% to £2.2m. There was a 10% credit this time of £82,015, against a charge of £155,710.

There remains nationally a much higher productive capacity of upholstery than is being sold, and therefore trading conditions continue to be extremely difficult, the directors state. As a result, a high level of cut-throat competition is taking place, and they see it to make prudent provisions.

Macpherson up midway

WITH A SHARP improvement in export sales and a high profit performance overseas, companies along with a very satisfactory first time performance from Uerman Holdings, pre-tax profits of Donald Macpherson Group rose from £1.13m. to £1.37m. Over the 26 weeks to May 1, 1977.

Mr. Rex Chester, the chairman, said that there are hopes for some improvement in order levels in the D.P. and building paints sectors in the second half. Overseas and export demand remain buoyant. The company is a large supplier to F. W. Woolworth.

Basic earnings are shown to be up from 4p to 4.6p per 25p share and full diluted from 3.2p to 4.4p. The interim dividend is raised from 0.856p to 0.9485p net—last year's total was 2.8959p paid from pre-tax profits of £2.76m.

26 weeks 1976-77 1975-76
 Sales 2,200 2,200
 U.K. 2,200 2,200
 Exports 1,332 1,332
 Overseas 4,424 4,424
 Trading profit 235 235
 Interest 464 464
 Depreciation 1,271 1,271
 Tax 761 761
 Net profit 621 621
 Dividends 621 621
 Retained 621 621

Comprise gain on disposal of land and buildings of £20,000 (£20,000), other items 2,000 loss (£2,000 profit).

In line with the depressed state of recently, the D.P. and building paint market failed to develop and although Cover Plus maintained its share of the market, both sales volume and contribution were down. The building materials operation, however, acquitted itself creditably in thankless market conditions.

Anglo Am. Asphalt £1m.

ON-SALES lower by £2.47m. at gramophone stylus manufacturers, £4.06m. Anglo American Asphalt Company achieved a record taxable profit of £1.01m. against £901,054 in the year to March 31, 1977. Halfway profit was ahead, from £235,000 to £508,000.

Sales for the 12 months included £1.5m. in respect of activities disposed of and a lower level of Metroret sales. Exports represented 64 per cent. of the total.

The directors say that the uncertain world economic climate had a pronounced effect in the second half when overseas pipeline projects due to commence in the autumn of 1976 and for which Metroret had won orders, were postponed and in some instances cancelled.

In spite of this, profit margins improved resulting in the company's cash position being even stronger.

Following the disposal of remaining quarrying and bitumen distribution interests, rationalisation of the group's activities has been finalised and the company is seeking alternative investment, they state.

The gross final dividend is 2.174p per 25p share for an increased total of 3.666p (3.333p adjusted for two-for-one bonus issue).

Comparatives are restated following change in treatment of deferred tax to take account of ED 19.

	1976-77	1975-76
Sales	4,094,143	4,023,926
Trading profit	788,347	885,218
Finance income	185,226	145,000
Short term interest	22,884	44,887
Share issue	1,220,000	94,000
Dividends	447,417	71,800
Taxation	569,288	82,973
Net profit	1,187,637	1,119,886
Dividends	1,187,637	1,119,886
Retained	—	—

Net profit emerged as £84,289 (£54,799) after tax £61,750 (£70,750).

ISSUE NEWS

Ferguson Industrial raises £939,000

Ferguson Industrial Holdings is proposing to raise £939,000 by a two-for-five rights issue to the authorised capital.

An extraordinary general meeting called for July 12 to increase the authorised capital.

RIGHTS RESULTS

Allied Retailers' £0.3m. issue on the basis of one-for-one at 110p per share closed acceptance of 82.4 per cent. balance has been sold at a premium amounting to 4.125p share. Net proceeds will be distributed to entitled holders except that no part will be made for less than £1.

Chamberlain Group's on five rights issue at 35p to £80,000 has been taken up, 96.65 per cent. The balance been taken up at a premium of 6.9347p per share at £1.0347.

The £1.7m. rights issue of one-for-three at 42p net has not met with such a reception. Only 54.29 per cent. of the issue has been taken up and if the balance can be raised at a premium of 5p per share, shareholders will receive 5p.

In connection with the Marton rights issue which took up to 95 per cent. of 30,407 shares were subscribed for, and these were at 122p each. The net proceeds will be distributed to shareholders.

Finally Cosalt's £245,000 issue one-for-two at 52p been taken up as 82 per cent.

Yearlings rise to 10%

The coupon rate on this week's issue of local authority yearlings has risen upwards to 10 per cent. issued at par. The bonds are due on July 19, 1978. Last week the Bonds carried a coupon of 9 1/2 per cent. issued at 99 1/2.

The issues are: Bratford District Council (£1m.), East Ham Borough Council (£1m.), Sedgemoor District Council (£1m.), Worthing Borough Council (£1m.), Allerdale District Council (£1m.), London Borough of Barking (£1m.), London Borough of Bexley (£1m.), Grampian Regional Council (£1m.), Birmingham District Council (£1m.), City of Liverpool (£1m.), Tunbridge Wells Borough Council (£1m.), Preston Borough Council (£1m.), City of Southampton (£1m.), The Receiver for the Metropolitan Police District (£1m.).

Two ten year bonds carrying a coupon of 11 per cent. and due on July 11, 1979 at par have been issued by The Borough of Ipswich (£1m.), St. Helens Metropolitan Borough Council (£1m.).

CAMPARI UNCLE

Campari, being unable to cross the dividend for the ended May 31, 1977 by the cent. it would like to do. The issue of one-for-two of one 20p net "B" share for every six 30p O shares. This is subject to holders' approval early in the year.

The "B" Ordinary will be entitled to any dividends in respect of the years May 31, 1977 and 1978 thereafter, subject to the of dividend restraint. O titement to dividend, common the "B" will become a share ranking pari passu with the "O" shares.

In addition the direct firm that they intend to meet the maximum dividend on the existing (for the year ended May 31) making a total of 2.75p.

Provident Life reduced business

The Provident Life Association of London reports a reduced level of new business in the first half of this year.

The number of new policies taken amounted to 7,333 being 1,000 lower than in the corresponding period for 1976. New sums assured totalled £94m.—21 per cent. lower than last year—while annuity payments were one-third down at £185,000.

New annual premiums amounted to £1.1m. which was 8 1/2 per cent. lower than last year and single premiums dropped by £240,000 to £317,000.

Utd. British Secs. earns and pays m

Pre-tax revenue of British Securities Trust of £2.94m. to a record for the year ended June 30, 1977.

Gross income was £2.65m. Earnings are stated at 6.53p per 25p share compared 6.53p (4.85p) makes a 7.95p (6.85p) net. A scrip one for one is also proposed.

After tax £1.18m. revenue available came £1.79m. (£1.56m.).

BRADWALL (F.M.S.) RUBBER ESTATE LIMITED

T. B. Barlow's Review

The sixty seventh annual general meeting of the Company was held in London on 12th July 1977. The Chairman, T.B. Barlow, said: "There was a record profit in 1976 of £461,000, after charging replanting. Taxation requires £270,000. The dividend of 5p net per 10p share will cost £171,000 and is no longer subject to restriction. The U.K. Treasury. The retained profit for the year is £20,000."

Capitalisation Issue

The capitalisation issue of 3 new 10p shares for every 100 shares in on 20th June 1977, which is to be approved after the annual general meeting will enable the Company's shares to qualify as a trust investment and is a suitable way to celebrate jubilee year.

The issued capital will be £1,371,115.

The report and accounts and the capitalisation issue were unanimously adopted.

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77
Sales (£000s)	1,283	1,800	3,631	5,980	6,148	7,962
Exports (£000s)	49	90	295	902	767	1,394
Pre-tax profits per share	3-4p	3-6p	5-5p	6-7p	4-0p	11-9p

Halma Limited
 Safety, Fire and Environmental Control
 Specialised Engineering

Copies of the Annual Report and Accounts are available from
 The Secretary, Halma Limited
 Halma House, London NW9 9L
 Tel 01-205 0038

Still sending garments packed in cartons?



They travel better on hangers whilst reducing the total cost of distribution

Here's where you save:

- Wages.** Switching to Tibbett & Britten means you can reduce your despatch staff by up to two in every three.
- Packaging Materials.** Instead of having to stock ever-dearer cartons and tissue, use plastic hangers and polythene covers. A significant saving in cost.
- Space.** The far shorter handling time means a smaller department can deal with more goods.

And here's where you gain:

- Goodwill.** Your customers will no longer have to unpack, re-finish and hang your garments. That saves labour, space and time. Garments ready for the selling rail as soon as they arrive will help the cash to flow.
- Speed.** We collect and deliver virtually anywhere in the U.K. in three days, often in two, depending on distance.
- Security.** We handle around 45 million garments a year, with losses never yet exceeding 1 in 100,000! And we're working hard to improve even that unenviable record.
- Service.** We collect and deliver punctually and keep in touch so you always know what's going on. And we'll take cartons of clothes you cannot hang as well.

If slotting into our regular network does not suit you, ask about volume rates for specific journeys. Or about vans on contract hire. In our livery or yours. Or about our warehousing call-off service.

If you have garments to move, call Mike Cass. He's our national sales manager. That call could be a great investment for your company.

Tibbett & Britten
 Clothing Transport

861/867 High Road, Tottenham, London N17 8AZ
 Tel: 227-747, Tel. 01-508 3040.

Diamond Stylus second half recovery

Despite a midway fall from £7,678 to £3,239, diamond tipped

David Barber, Chairman

Ferguson raises £930m

Ferguson's 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

Montague Meyer m. advance

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

Timber tops £6.5m.

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

MERCANTILE INVESTMENT

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

GEMEENSCHAPPELIJK ZIT VAN AANDEELEN ILIPS' GLOEILAMPENFABRIEKEN

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

BRADWALL (F.M.) ESTATE

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.

How To Subscribe To The Wall Street Journal

GROUP'S 1976 turnover of £1,064 million was a record for the company, which has been trading off against a background of high inflation and rising costs. The company's profit before tax was £106.4 million, an increase of 15% on the £92.2 million of 1975. The directors have recommended a final dividend of 2.48 pence per share, which would bring the total dividend for the year to 5.12 pence. The company's net assets at the end of the year were £1,064 million, an increase of 15% on the £922 million of 1975. The company's balance sheet shows a strong financial position, with a large amount of cash and liquid assets. The company's share price rose to 106 pence at the end of the year, an increase of 15% on the 92 pence of 1975. The company's performance has been particularly strong in the home market, where sales have risen by 15% on 1975. The company's international sales have also risen, by 10% on 1975. The company's profit margin has improved, from 8.5% in 1975 to 10% in 1976. The company's return on capital employed has also improved, from 12% in 1975 to 15% in 1976. The company's share price has risen to a new high, reflecting the company's strong performance and the confidence of investors in the company's future prospects.



St Michael
94% BRITISH MADE
GROUP TURNOVER
£1064
MILLION

STATEMENT TO THE SHAREHOLDERS BY THE CHAIRMAN

The Hon. Sir Marcus Sieff, O.B.E., B.A.

2. A vigorous implementation of our policy of buying British. We have maintained our standards at a time when so many have been eroded. St Michael textiles have competed successfully against imports and the volume of sales of St Michael foodstuffs has expanded. We are pleased that in this year, designated as Export Year, Marks and Spencer received the Queen's Award for Export Achievement.

EXPORTS
Our exports of St Michael goods increased by £15,683,000 to £40,448,000. Besides selling to Marks and Spencer stores in Europe and Canada, we have developed our export business—

1. By selling to leading retailers in overseas countries to whom we have become a major supplier.
2. By developing St Michael franchise stores which sell virtually only St Michael British-made goods. There are now 29 of these in 13 countries.

We export to selected customers in 40 countries. We work closely with them and, where asked, offer advice on methods of merchandising, staff training and store operations. Many have been dealing with us for a number of years and have an understanding of our philosophy and principles. We are the country's largest exporter of clothing. We also export an increasing selection of British food specialties from the St Michael range.

A team of enthusiastic and dedicated people is responsible for the development of our export sales. They combine their experience of our principles and knowledge of St Michael merchandise with a valuable knowledge of the local markets. They spend much time overseas, often in difficult conditions, and are supported by our suppliers and by other head office departments which all play their part in the export drive.

94 PER CENT BRITISH
British-made St Michael goods account for 94 per cent of our U.K. sales other than food. The garment and knitwear industry at home is threatened by competition from Asia and Eastern Europe but can increase its sales as we have done, through quality and value. We believe that the successful future of the British textile industry depends largely on improving quality and design.

U.K. STORE DEVELOPMENT
Our total sales area is 6,062,000 sq. ft. We completed two new stores: one at Fareham and one re-located at Birkenhead. Our Brent Cross store has enjoyed a very good first year's trading. We added 12 extensions, including an additional floor at our Marble Arch store which does substantial business with overseas visitors and makes a contribution to the balance of payments. In the coming year our building programme at home will add 160,000 sq. ft. of selling space, including major new stores in Kensington High Street and in Cwmbran and one re-located at Warrington.

QUALITY
The maintenance of high quality standards depends first and foremost on our most senior executives and those of our suppliers understanding the importance of proper quality control systems. It is tempting during a period of high inflation and rising costs to cut corners and reduce quality control procedures. This is a false economy and leads to increased production of poor quality, unacceptable goods which adds to costs. High quality depends on everyone understanding its importance right down the line. Its achievement requires the use of advanced technology, good selection and common sense. The major role of our technologists is to help our manufacturers maintain and improve the quality of their products.

During the year we organised Quality Seminars with our suppliers and an exhibition illustrating major faults in fabric and garments which is being shown in a number of our stores for our nearby manufacturers. Through our Industrial Management Group, we co-operate with them to improve the production and inspection of goods as well as the working environment.

U.K. STORE SALES
Sales in the United Kingdom, net of VAT, for 52 weeks were £94,599,000 against £89,950,000 for 53 weeks last year, an increase of £4,649,000. Taking into account current pay restraints, high taxation and inflation, textile sales have been satisfactory. Christmas trading was good as was the level of sales from January to March, 1977. Food sales have been buoyant. We do not compromise on quality. We are able to sell high quality products at reasonable prices because of our large volume of business, close co-operation with our suppliers and efficient store operation.

ST MICHAEL TEXTILES
Our sales of St Michael clothing, footwear and home furnishings in the United Kingdom, have grown by £38,878,000 to £643,122,000. We have widened our range. The trend to casual clothes continued with high levels of demand for denim jeans, cotton tops, casual jackets, sportswear, kaffans and other leisure dresses. Despite higher prices, there is a growing demand for garments in natural fibres, which give greater comfort. While maintaining our classic ranges we are more alert to fashion trends for which demand increases, particularly from our younger customers.

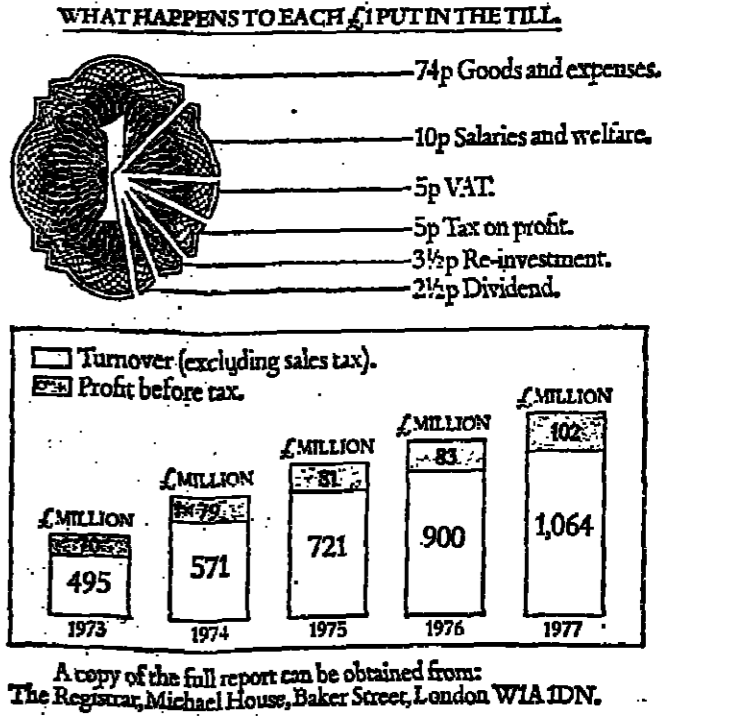
ST MICHAEL FOODS
Our sales of St Michael foods in the United Kingdom have grown by £55,771,000 to £311,477,000. We are adding to our range lines for which there is today a large and increasing demand. Our growth is due to our maintaining high quality and good value and our system of controlled temperature transport and storage with strict attention to keeping life, hygiene and freshness, which were particularly relevant during last year's very hot summer.

NEW DEVELOPMENTS
Our range of furnishings and other products for the home is developing well. We have introduced lines of custom-made curtains and trials of hardware for the kitchen and dining room. We had a successful trial last year of a limited selection of books for the family and are now developing a more comprehensive range. We are exploring other areas related to our existing business where our approach to quality, value and design might be relevant.

CANADIAN SUBSIDIARIES
The sales of our Canadian Group totalled £71,590,000. The Group consists of three divisions: Marks and Spencer, Peoples and Dallards. We now have a chain of 65 Marks and Spencer stores, after converting 46 of the Walker and Smith outlets. We have cleared stocks of all non-St Michael lines including many unprofitable departments which had no place in a Marks and Spencer catalogue; this was costly. We are opening new stores in areas where we are not represented. We have developed substantial Canadian production of St Michael clothing to our quality standards. Our new manufacturers have helped us understand better the clothing needs of our Canadian customers. During the year, we successfully introduced St Michael foods to all stores.

For the full year to 31st January, the loss in Canada was £4,000,000. The Marks and Spencer division incurred a loss of £2,062,000, most of which was the result of the clearance of goods and the disruption of trading during the period of change. In the second half of the year, the division broke even, and we believe we have now created the base for a profitable business.

We have not changed the character of the other two divisions of this Group. In the six months ended 31st January, Dallards continued to make good progress; their profits for that period were £893,000 compared with £536,000 last year. The Peoples division



MARKS & SPENCER

MINING NEWS

Conwest-CEGB uranium hope

BY PAUL CHESSRIGHT

A uranium exploration venture in Saskatchewan in which the U.K. Central Electricity Generating Board is involved, could make news of importance this summer, according to Mr. Martin Conwell, chairman of Canada's Conwest Exploration, one of the venture partners.

The exploration is taking place on the south-east edge of the Athabasca Basin, an area being put to work in a summer project, which follows on work started in the area during August 1975, with the participation of the Saskatchewan Department of Mineral Resources.

NORTHAIR PAYS ITS DEBTS

The new British Columbia gold-silver-lead-zinc producer, Northair Mines, is whittling down its debt as cash flows in.

There was a cash flow of \$1.68m. (£20,000) in the first 13 months of the mine's official operations to the end of May.

Major revisions in the concentration, necessary to maintain a production of 3,500 tons of ore per month, have been completed.

TANGANYIKA CONCESSIONS

Once again the auditors have qualified the accounts of Tanganyika Concessions, this being notably in respect of the company's Rhodesian and African interests.

In his annual statement the chairman, Mr. A. L. Hood, says that Benguela operated only limited services within Angola last year.

The major source of "Tank" revenue remains its 17.8 per cent stake in Benguela, which it looks as though the latter's contribution may be marginally lower this year.

MINING BRIEFS

KENT (FMS) TIN DREDGING - June output 75 tonnes (May 60 tonnes).

KINTA KELLAS TIN DREDGING - June output 49 tonnes (May 42 tonnes).

The Australian company, Endeavour Oil, which is linked with

BIDS AND DEALS

CU selling German and Austrian interests

BY ERIC SHORT

The Commercial Union Assurance Company and Allianz Versicherungs AG have reached agreement, subject to the approval of the British and German authorities, whereby Allianz will acquire CU's interests in Anglo-Elementar Versicherungs-Aktion-Gesellschaft and Deutsche Elementar Versicherungs-Aktion-Gesellschaft.

MARCHWIEL HAS 7% OF HALL ENGINEERING

A holding of 701,989 shares in Hall Engineering (Holdings) is now owned by Marchwiel Holdings.

The CU stated yesterday that the decision to sell these two companies was taken about nine months ago for commercial reasons.

No figure was given for the sale price of the shares, which amounted to less than 4 per cent of the overall assets of CU (which stood at £336m. at the end of 1976).

WALLACE IN TALKS OVER LE VALLONNET HOLDING

Wallace Brothers Bank is holding conversations with prospective purchasers over its 45 per cent stake in Le Vallonet Investment Trust.

NEGRETTI & ZAMBRA

The Board of Negretti and Zambra said yesterday that in view of the recent rise in its share price, and in the light of the Stock Exchange's decision on April 14 of the desirability of making early announcements in such circumstances, it was an

announcing that it had not received an approach from another company. The Board went on to say, however, that the company is involved in preliminary discussions which might lead to an offer being made by Negretti for another company.

CLYDE QUESTIONS LYON & LYON DEFENCE

The contested bid by Clyde Petroleum for Lyon and Lyon entered its third stage yesterday with a letter from Clyde urging Lyon's shareholders once again to accept its offer.

In the letter Clyde questions both the asset value of Lyon and whether the profit forecast can be maintained.

It also claims that some of the 1976 profits were due to exceptional items both of a non-recurring nature but that these were not quantified.

£2m. for Queensway Discount

Harris Carpels, a private High Street retailing group, revealed its plans yesterday for a takeover of the two companies owned by Queensway Discount Warehouses, which was founded ten years ago by Mr. A. R. (Gerry) Parish.

Over, the third quarter has experienced difficult trading, in general with much of the industry.

Both companies have net assets of about £2m. and following the acquisition the new company - Harris Queensway Discount Warehouses - will have net assets of £2m. and a debt of £2m. However, much of this debt is a short term feature though Harris has raised £1.5m. from County Bank by way of a five year term loan to go towards the cost of the Queensway purchase.

ARMS PARK ADVISES ACCEPTANCE

In a letter to shareholders of Arms Park (Cardiff) Greyhound Racing giving reasons why they should accept the offer from the Welsh Rugby Union, the directors state that, together with other major shareholders representing over 72 per cent of the capital, they intend to vote in favour of acceptance.

ASSOCIATES DEALS

On July 11, Baring Brothers bought 35,000 Globe Investment Trust shares at 91 1/2p for discretionary investment.

TRICENTRAL PURCHASE

Tricentral Car Group, a wholly-owned subsidiary of Tricentral has acquired Browns and White (Holdings), a Ford main dealer and truck specialist dealer operating in Leeds, Wetherby and Garforth in Yorkshire.

EDINBURGH INDUSTRIAL HOLDINGS Limited

Since the year end the finances have improved, and with the group returning to profitability it is hoped that contributions to cash flow will soon follow.

Table with 2 columns: 1976 and 1975. Rows include Turnover, Trading Profit (Loss), Interest Payable, Profit (Loss) before Taxation, Taxation, Profit (Loss) after Taxation, Extraordinary Items, Loss after taxation and extraordinary items, Minority Interest, Earnings per Share.

Copies of the Report and Accounts are available on request from the Secretary, Edinburgh Industrial Holdings Limited, 105 St. Vincent Street, Glasgow G2 5EG.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 8 per cent. (since May 12, 1977) The authorities gave moderate amount of assistance to the London money market yesterday to relieve a general shortage of day-to-day credit.

Table with 10 columns: Date, Sterling Certificates of deposits, Interbank, Local Authority deposits, Local Authority bonds, Finance Deposits, Company Deposits, Discount Bills, Treasury bills, Eligible Bank Bills, Prime Trade Bills.

Inveresk £1.52m. midway -rights to raise £2.1m.

A SHARP increase in pre-tax profit from £0.29m. to £1.52m. is announced by Inveresk Group for the 24 weeks ended June 11, 1977. The result is £0.24m. more than the 1976/7 first half and £1.08m. more than the previous comparable period.

(amounting to £1.1m.) of the sales of the balance of the company's investment in Georgia-Pacific Corporation and partly by a £1.5m. medium-term bank loan which is desirable that capital expenditure on modernisation and improvement of plant should be maintained at a high level and that the group should be in a position to take advantage of opportunities for expansion as they arise.

offer at the same time to the holder of convertible Preference shares. Accordingly, 157,528 new Ordinary shares of 50p each offered by way of rights has been provisionally allotted in respect of the 500,000 convertible Preference shares of 51 each the held.

And reporting that the improved trend in the general level of the group's activities, which first became evident in the last quarter of 1976 and continued during the first quarter of the current year, has been maintained, the directors announce a one-for-four rights issue to raise about £2.1m.

The net interim dividend is £272 from £250 to £270, absorbing £2.34m.

The directors expect to recommend a final dividend of 3.415p on increased capital, compared with 3.105p, the maximum allowed. If approved, an appropriately larger final will be paid, they add.

The directors report that profit margins, particularly in the paper and board manufacturing activities, have shown a slight improvement partly attributable to a small reduction in the costs of imported raw materials.

It is anticipated that the proposed capital investment programme will enable the group to improve its competitiveness and to take fuller advantage of any significant upturn in demand, the directors say.

The 1976/7 figures include the results of Lepard and Smiths (Holdings) and its subsidiaries which were acquired on August 6, 1976. It is anticipated that the material tax liability will arise on the profits for the first half.

The rights will involve the issue of 4.15m. new Ordinary shares of 50p each at 50p per share - 3,000,000 have been provisionally allotted to Ordinary holders.

The Articles of Association provide that in the event of an offer of Ordinary shares being made, the company shall make a like 1:1.5 per cent.

comment Pre-tax profits at Inveresk rose 500% in the second half of previous year. The dramatic change reflects the capital-intensive nature of the paper industry and the large profit losses which can result from relatively small improvements in turnover.

Proceeds of the issue will be applied primarily in financing the group's capital investment programme which has been substantially completed on plant and machinery totalling £3.9m. in the two years to end December, 1976, and was financed partly by funds generated by its trading activities.

comment The group already has a strong balance sheet, with a backlog of orders on a current basis. It is anticipated that the expansion will continue, notable in the exploitation of the Ten Twenty process and of Camfil.

comment Pilkington is moving into a new phase of its financial development. Although the U.K. will require nearly £80m. was spent on new plant, improvements to existing time on another, the great bulk of the group's spending on about £2m. was spent on research and development and new projects.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

Benefits for Pilkington

TRADING conditions do not look as though they will change substantially but Pilkington Brothers continues to grow stronger and improve its capacity to respond to its return in economic activity.

comment The group already has a strong balance sheet, with a backlog of orders on a current basis. It is anticipated that the expansion will continue, notable in the exploitation of the Ten Twenty process and of Camfil.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

comment The application to use Maindy Stadium, the only other suitable track in the area, has been refused by the Board. The Board will continue its search for an activity in the South Wales area in which it can participate.

comment The interim report of the company's results will be delayed to include all trading to the end of July 1977.

comment The offer by Garner Sons for Derby Hide and Skin Co. has been accepted in respect of 53,000 Ordinary shares (approximately 96 per cent). The offer is now unconditionally binding and remains open.

Neil and Spencer upsurge

REPORTING PRE-TAX profits more than doubled from £120,000 to £260,000 for the half-year to end May 31, Neil and Spencer, the chairman of Neil and Spencer Holdings says the anticipates that the full year will show further progress towards achieving acceptable results.

The interim dividend is lifted from 0.65p to 0.8125p net per 10p share. Last year's total was 1.7875p paid from pre-tax profits of £119,000.

Mr. Boyd says that Hyvac and its subsidiary, Sidlen Safety, acquired at the end of last year, are proving a satisfactory investment. Test marketing of the solar heating systems is proceed-

ing and the results so far are encouraging. The group manufactures equipment for laundries, dry cleaning and solvent cleaning for the textile industry.

Table with 4 columns: Half year 1976-7, 1975-6, 1974-5, 1973-4. Rows include Sales, Profit, Exceptional results, Loan stock, Profit before tax, Tax, Net profit.

MINSTER ASSETS

The directors of Minster Assets state that if the rate of ACT is reduced, an additional dividend will be paid on the total of 3,245p net for 1976. This payment would be covered by wind the interim dividend for 1977.

LAMPA 8p

A third distribution of 8p is announced by Lampa Securities (in liquidation), making 110p per share.

Entertainment Guide (Continued)

Table with 2 columns: THEATRES and CINEMAS. Rows list various venues, times, and featured plays or films.

Advertisement for U.S. \$20,000,000 Gilbey Canada Limited Notes due 1992. Includes Merrill Lynch, Pierce, Fenner & Smith logo and contact information.

K. boost gives Wilkinson Recovery puts Latch record £12.35m. ERF on £1.7m. Encouraging trend for Marks & Spencer

of Wilkinson Match... for the year to March 31, 1977, to £21.1m. against £16.3m. directors are confident that as made over the past three years.

Fuller Smith over £1m. A JUMP in taxable profit from £574,824 to a record £1,011,000, is shown by brewers and wine and spirit merchants Fuller Smith and Turner, for the year to April 1, 1977. Sales were £2.54m, better at £11,000.

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

THE VOLUME of trading by Marks & Spencer in the current year had been encouraging, the chairman, Sir Marcus Sizer, said at yesterday's annual meeting. He said the earlier weather had been highly unseasonable, with virtually no spring, which had some effect on sales of summer goods; but recent sales had been "more than good."

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

to be satisfied by Ordinary shares at 10 per cent, below market price on the day of issue. Net assets of Sotonvale at April 30, 1977 were £18,429 but land owned has been professionally valued at £136,400 — this comprises 16 acres at Marchwood near Southampton. Of the 16 acres at Marchwood, seven acres had detailed planning permission for four units and outline permission for 33 units and in respect of which application has been made for planning permission for a further 15 units. The company is also acquiring two pieces of land at Altrincham, Cheshire, one piece of 1.66 acres is with planning permission for 15 houses. The second piece of land is about 1.5 acres and has planning permission for 12 units.

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

are right for another considerable increase this year. Production is currently running around 14 vehicles a day against seven in the recession and two more than the output achieved during the last six months. So production is still moving ahead, and selling prices are showing a much better return — prices went up about 20 per cent last year. The U.K. commercial vehicle market is set to continue expanding for the next year to 18 months, though long term there is still the question of how well it will ride out a recession.

Kelvin Watson downturn. PRE-TAX profits of opticians, R. Kelvin Watson fell from £502,103 to £342,881 for the year ended March 31, 1977, on turnover of £3,066,000, against £2,622,000. At the interim stage, when profits were behind from £174,546 to £139,082, the directors were confident that second half results would show a substantial improvement on the first half but they felt it was unlikely that the whole of the shortfall in profit would be recouped.

comment. In the light of the figures that emerged from Fodens during its defence against Rolls-Royce it is obvious that the commercial manufacturing units and divisions of the recession in leaps and bounds. ERF is no exception with second half profits of £1.15m, against £531,000 in the first six months. While ERF will be final of £1.2p net, Mr. G. Cropper and Mrs. W. Watson have warned the final forecast of 47 per cent profits for this year, the portents

raise £2m. Wilkinson Match... for the year to March 31, 1977, to £21.1m. against £16.3m. directors are confident that as made over the past three years.

Fuller Smith over £1m. A JUMP in taxable profit from £574,824 to a record £1,011,000, is shown by brewers and wine and spirit merchants Fuller Smith and Turner, for the year to April 1, 1977. Sales were £2.54m, better at £11,000.

18% rise at R. & J. Pullman. MERCHANTISERS and manufacturers of garments and textiles, R. & J. Pullman lifted turnover by 21 per cent, to £11.32m, in the year to March 31, 1977, with increased pre-tax profits of £206,000, a record £206,000.

John Lees confident. In his annual statement, Mr. J. Lees, chairman of the furniture manufacturers John Lees, says he is confident that unless conditions alter dramatically, the company will continue to trade at a level of profitability which will be not less than in

or Pilkington. Ratners 53% ahead at £1.4m. of 53 per cent in taxable profit from £18,647 to a record £24,100, reported by Ratners for the year ended March 31, 1977. The company's ordinary profit of £82,109, arising from the sale of 100,000 shares, was added, which are now open and five further units have also been acquired. A fourth branch in Oxford Street, which is open and trading satisfactorily. When the fifth opens the group will have 102 branches in this country.

Jas. Cropper still on the mend. In his annual statement, Mr. J. A. Cropper, the chairman of paper, ink and printing materials, says the company is still slowly regaining ground from the deep recession of 1975 and if this continues as will the present subsidisation of the pound against the dollar helps the tax charge for 1976-77 by £1,152,132 (£462,881). Comparative figures have been adjusted accordingly.

AC Cars warns on second half. On turnover up from £1,082m. to £1,221m, pre-tax profits of £1,221m. Four AC Cars advanced from £78,500 to £90,000 for the half year to March 31, 1977. After tax of £48,500 against

There's one London bank that really understands Eastern Europe. Moscow Narodny Bank has the experience, the knowledge and the connections that are essential for East-West trade to flourish. Moscow Narodny has been an integral part of the London since 1919 and today enjoys very close relationships with Central and Commercial Banks of the USSR and other East European countries.

The bank's unrivalled experience in the use of East-West trade makes it the ideal choice for any company or organisation entering this highly important area of world commerce.

Canada Limited. Moscow Narodny Bank. The bank for East-West trade. 1/32 King William Street, London, EC4P 4JS. Branches in Beirut and Singapore. Representative Office in Moscow. TOTAL ASSETS EXCEED £1,500,000,000.

Moscow Narodny Bank. The bank for East-West trade. 1/32 King William Street, London, EC4P 4JS. Branches in Beirut and Singapore. Representative Office in Moscow. TOTAL ASSETS EXCEED £1,500,000,000.

RENOLD

THE WORLD'S LARGEST MANUFACTURER SPECIALISING IN POWER TRANSMISSION

Statement by the Chairman, Mr. L. J. Tolley, C.B.E.

The 47th Annual General Meeting of Renold Limited will be held on 4th August at Renold House, Wythenshawe, Manchester

The results for 1976/77 must be reviewed against the background of a year in which, despite earlier international forecasts, the hoped-for recovery in the engineering industries of the world did not materialise. If the automotive industry is excluded, activity was low almost everywhere, particularly over the last two years to further improve the low activity more pronounced than in Continental Europe.

The effect on the Group was that, in the second half year there was a significant recovery from the previous artificially low demand in smaller pitch chains, there was little resurgence in other products more closely associated with large engineering projects. Our subsidiaries throughout the world, particularly in France but with the notable exception of South Africa, made a relatively low contribution to Group profits than in recent years. However, the actions taken progressively over the last two years to further improve performance in the United Kingdom did much to redress the balance and the Group profit of £16.9 million is a significant improvement on last year. This was a good result in a very difficult year and emphasises the inherent strength of the Group and the benefits from its spread of activities. Currency gains operated in our favour and included in the figure are those arising from exchange gains on net current assets held overseas. We would, however, prefer to see a strong pound and lower inflation at home than these currency "gains".

In a year when inflation again put pressure on cash resources, for a Group which has world-wide stock availability as an integral part of its commercial philosophy, our excellent control is reflected in the stability of the borrowings and our financial resources remain in good shape.

INFLATION ACCOUNTING

In the long discussions on the various proposals for inflation accounting culminating in Exposure Draft 18 published by the Inflation Accounting Steering Group, much has been said about reporting results in real terms but too little of the effects on investment and on international comparisons. It is right and desirable that results should be reported in real terms, particularly if tax savings can be achieved by so doing,

GARDENS TO-DAY

A little summer privacy is all one would ask

BY ROBIN LANE FOX

FOR A YEAR or two now, I have been trying to grow a screen of trees or of greenery, about 7 feet high, which would protect the bottom corner of my garden from the evening's passers-by.

It is enough for me that couples stroll quietly past one low boundary wall, between eating their sandwiches at the village pub. He advances a tentative arm; she (like my myrtle) finds the air to be

colder than she expected and ever I look at a thriving group, shrinks away, wishing for a jersey to drape round the upper arm.

Well clipped

If you do not want limes, you can pleach False Acacias instead. These are called Robinsia, after a M. Robin who was a fine gardener at the French court. They are at their best in French into rounded roofs of fresh green pinnate leaves, like some well-kept poodle.

Scented leaves

Years had been lost and we felt we must hurry. Speed turns one to poplars and, although I had never studied it, the choice had been made for me: Populus Canadensis. It is a Balsam Poplar, so its leaves are scented.

APPOINTMENTS

Hawker Siddeley changes

HAWKER SIDDELEY GROUP, Mr. G. Howell has been appointed managing director of High Duty Alloys Forgings, succeeding Mr. F. G. Haddock who has retired.

Sir Eric Faulkner has been appointed joint deputy chairman with Mr. L. V. D. Tindale of FINANCE FOR INDUSTRY, and its major subsidiaries, Industrial and Commercial Finance Corporation and Finance Corporation for Industry.

Mr. Arthur Katz has been appointed chairman of the METTOL COMPANY in succession to the late Mr. R. J. Isner. Mr. Katz was previously deputy chairman.

Mr. R. E. Tongue relinquishes his duties as chief executive of the LOOKERS GROUP on July 15 but continues as chairman. He is replaced by Mr. W. K. Martindale, who becomes group managing director.

Mr. Rob Mauchline has been appointed divisional managing director of the Bemrose Flexible Packaging and Bar Division, part of the BEMROSE CORPORATION. He was previously the Corporation's director of personnel.

Mr. Simon Keswick, a director of Jardine Matheson and Co. since 1972, will be leaving Hong Kong on July 19 and moving to the U.K. as a director of Jardine's wholly-owned London subsidiary, MATHESON AND CO.

Mr. David Hewitt has been appointed an associate director of CMG (CITY OF LONDON), a subsidiary of CMG Computer Management Group. He joined CMG in 1975 as a computer systems and programming consultant.

Viscount Trenchard has been appointed a director of CARPETS INTERNATIONAL. Mr. J. Macgougan, general secretary of the National Union of Tailors and Garment Workers, has been made a member of the MANPOWER SERVICES COMMITTEE in succession to the late Sir Daniel McGarvey.

Mr. Geoff Lacey has been appointed the first full-time administrative director of the Conservative Party's SMALL BUSINESS BUREAU. He was previously the Party's youth and community officer in the Greater London area.

Mr. Brian McIlroy has resigned as managing director of Westons Chemists (U.K.) to take up a senior executive appointment in the general trading division of the ARTHUR GUINNESS GROUP, in which he will continue his links with multiple retail and wholesale pharmacy.

Mr. Gerald Waring has been made director of product marketing, Europe, ITEL INTERNATIONAL. Mr. Waring was previously marketing manager, Europe, for Interdial.

Mr. Paul Mulholland, regional service manager of Eastern Gas, has been appointed assistant service director of the BRITISH GAS CORPORATION from August 1.

Mr. C. Roger Moss, deputy finance director of British Airways, has been appointed to the Board of INTERNATIONAL AERADIV as a non-executive director.

The Hongkong Bank Group can open it up. Our executives are businessmen. Located in 400 offices, they are linked by our own private satellite communications system - Spealink - used to move money, information and expertise between Europe, the Americas, the Middle East and the Asia Pacific Area.

COMPANY NOTICES

KOMATSU FORKLIFT CO. LTD. (CDRs) Referring to the advertisement in this paper of 3rd March, 1977 the undersigned announces that the original shares from 10% free distribution have been received.

MURATA MANUFACTURING COMPANY LTD. (CDRs) Referring to the advertisement in this paper of 16th March, 1977 the undersigned announces that the original shares from 10% free distribution have been received.

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that the Board of Directors of Barclays Bank Limited will meet on Thursday, 28th July 1977 at 11.00 a.m. in the Board Room, 12th Floor, 1, Lombard Street, London EC4A 3DF.

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that the undersigned, acting as Liquidator of the Tanganyika Concessions Limited, has received the original shares from 10% free distribution.

PERSONAL

HARPSCHORD Authentic, classical double manual. Meticulous quality from long-established workshops of John Harley. Now completely reliable - fully guaranteed.

ART GALLERIES

AGNEW GALLERY, 41 Old Bond Street, London W1. Mon-Fri 9.30-5.30. Sat 10-5.30. Sun 12-5.30.

MOTOR CARS

WANTED, Rolls-Royce Silver Cloud, early Shadow Motor Car, Please show Derby 752177 any time.

ARTISTS OF FAME AND MODERN BRITISH PAINTERS

AGNEW GALLERY, 41 Old Bond Street, London W1. Mon-Fri 9.30-5.30. Sat 10-5.30. Sun 12-5.30.

Tanganyika Concessions Limited. Summary of the Statement by the Chairman The Hon. A. L. Hood. Salient figures: 1976 £ 1975 £. Capital and reserves 28,681,704 28,356,437. Quoted investments at market value 42,335,848 37,885,805.

Copies of the full Statement may be obtained from the Registered Office of Tanganyika Concessions Limited, 6 John Street, London WC1N 2ES.

LABOUR NEWS

Grunwick should recognise union, High Court rules

RD CHIEF JUSTICE. At a meeting on November 3, Mr. Ward had agreed to cooperate with ACAS by supplying a list of the names and job-titles of those who had remained at work but stressed that the UPW action had to be lifted, or there would be no jobs and no factory.

your pay and conditions of employment. The answers were almost unanimous in favour of APEX. But, said Lord Widgery, the ACAS report had been completed with no knowledge of the opinions of workers who had remained in the factory—unless they happened to belong to APEX.

Ultimatum

Mr. Ward was pressed to supply the list and told that ACAS could not wait beyond November 22. Mr. Ward had explained subsequent delays by the need to take legal advice. Towards the end of December ACAS issued what amounted to an ultimatum—namely that it was going ahead without Mr. Ward's co-operation.

Other issues

There were two other issues to be decided—both concerning ACAS's obligation to ascertain the opinions of workers to whom the issue relates. The workers were divided into two groups: the strikers and those still at work. Mr. Ward had disputed the ACAS view that the strikers were workers to whom the issue related.

Ward determined to have his own way, inquiry told

ROBERT WARD, managing director of Grunwick, was yesterday told by the public inquiry into the dispute as a result of his own way. He was dealing with a very 'emphatic' Mr. Roy, general secretary of the union in dispute with processing company.

Bank employees ready to draft pay claim

THE National Union of Bank Employees and the umbrella body for the bank staff associations are on the point of making final drafts of a pay claim against the English clearing banks.

Rodgers warns NUR on bargaining

BY OUR LABOUR STAFF

UNLESS the return to free collective bargaining is conducted in a phased and orderly way, not only wages but prices could explode next year, and hopes of reducing unemployment could be dashed, Mr. William Rodgers, Transport Secretary, told the National Union of Railwaymen's conference at Ayr yesterday.

trade union support for the Government. The Government, he said, had every intention of continuing in office until it completes its full term in 1979. He accepted that living standards had been cut and public expenditure on vital services held back.

recovery and its commitment to it remained "totally unequivocal." Mr. Rodgers said that "to abandon it now or to soften the priority given to it would be disastrous." Far too much was at stake to justify "abdicating from a course we know to be right."

Paper sought to avoid. On railway investment, Mr. Rodgers said that he hoped soon to announce approval of a rolling programme for locomotives which would provide a haste works on the railway workshops up to 1982. Each year the programme would be reviewed and rolled forward.

Recognition call to Rank Xerox

RANK XEROX should recognise the white-collar section of the Amalgamated Union of Engineering Workers, says Weylyn Gordon City site for the purpose of collective bargaining, the Advisory, Conciliation and Arbitration Service recommends.

European unions concerned over Unilever plans for Britain

BY PAULINE CLARK, LABOUR STAFF

EUROPEAN trade unionists in the multinational Unilever organisation have embarked on a joint emergency study of the group's international meat interests and in particular its investment plans in Britain. The move comes in response to group proposals for cuts in Holland affecting 1,800 jobs.

the European end of the Unilever trade union world council, special discussion of the way in which Unilever is rethinking its meat strategy was urged by the Dutch where works councils and trade unions have been strongly opposed to cuts.

European end of the Unilever trade union world council, special discussion of the way in which Unilever is rethinking its meat strategy was urged by the Dutch where works councils and trade unions have been strongly opposed to cuts.

Hospital strike

Sudden unofficial strike action was taken at nine Liverpool hospitals yesterday by ancillary workers belonging to NYPE.

NUJ official fined

Mr. Tim Fell, 25, National Union of Journalists' national organiser for broadcasting, was among those fined at Darlington yesterday for offences arising out of picket action in the North of England Newspapers dispute.

Race case rejected

An Indian who told a Brighton Industrial Tribunal he was forced to leave his £22-a-week job as a fitter at an engineering firm because of prejudice by workmates, lost his case yesterday.

Blast furnace could be on time

BRITISH STEEL still hopes that its £200-million-a-day blast furnace due to be commissioned at Redcar, Teesside, next year will be lit on time.

Factory lighting

A proposal to revoke part of the legislation relating to the standard of lighting in factories was put forward yesterday by the Health and Safety Commission, in preference to restricting existing standards.

Peas on law Bill

Mr. Geoffrey Dring, general secretary of NALGO, has written to Mr. Len Murray urging him to consider a last minute approach to sympathetic MPs to try to ensure the amendment or defeat of the Criminal Law Bill.

Peas on law Bill

Mr. Geoffrey Dring, general secretary of NALGO, has written to Mr. Len Murray urging him to consider a last minute approach to sympathetic MPs to try to ensure the amendment or defeat of the Criminal Law Bill.

Peas on law Bill

Mr. Geoffrey Dring, general secretary of NALGO, has written to Mr. Len Murray urging him to consider a last minute approach to sympathetic MPs to try to ensure the amendment or defeat of the Criminal Law Bill.

Financial Times Journalist Appeals aims of unreasonable delay dismissed

GORDON TETHER, a journalist's ability before the Financial Times court. Mr. Tether, 63, who wrote the newspaper's Lombard column for 21 years, was dismissed last September and is seeking reinstatement. He has rejected a compensation offer of full pay until normal retirement age and an unaffected pension.

They clearly had to be left to take the initiative in this because only they knew how they intended to deal with his claim. In addition, the respondents had introduced into the proceedings serious charges relating to his professional competence and "ugly insinuations" about the state of his mind. These were totally unfounded, and could not but have a highly damaging effect on his reputation as a writer.

Judges reject union's appeal over strike

THE NATIONAL and Local Government Officers' Association failed yesterday in its appeal against a court order granted in March prohibiting the union holding a one-day strike in protest against Government cuts. The order also prohibited it putting into effect the strike call on any later date.

ing in the union's constitution empowering conference to initiate strike action by an instruction binding on members. The plain intention of the constitution was to give the important function of ordering and authorising strike action to the executive council.

The successful applicants will be required to pay the sum of I.D. 100/- against tender documents and drawings that will be sent to them upon receipt of this sum.

CONTRACTS AND TENDERS

REPUBLIC OF IRAQ

MINISTRY OF COMMUNICATIONS STATE ORGANISATION OF IRAQI PORTS

Combined Port Facilities at Khor-Al-Zubair Prequalification of Contractors

- 1. The State Organisation of Iraqi Ports intends to invite tenders from a short list of qualified contractors for the construction of industrial port facilities at Khor-Al-Zubair, near Basrah. 2. The works include 5 berths each 250 m. long, storage buildings for phosphate and urea with a capacity of 370,000 tonnes, freight sheds, railways, roads, buildings, mechanical handling conveying and ship loading equipment. 3. Comprehensive tenders for a single contract covering all aspects of the project will be invited about September 1977 on the basis of detailed designs, specifications and bills of quantities prepared by Consultant of the project. 4. Visits to the site of the works can be made by appointment through the President of SOIP. 5. Interested firms or consortia should submit details of their previous experience of similar works, together with particulars of their financial resources, plant availability, necessary references and proposed arrangements with manufacturers and suppliers. 6. The SOIP does not bind itself to invite tenders from all or any of the applicants and cannot entertain any queries or correspondence regarding reasons for an applicant not being included in the list. 7. Submissions should be made to the undersigned with a copy to Husband & Co., Consulting Engineers, St. Ermin's, Caxton Street, London SW1H 0QP, England, not later than 18th July, 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Kellogg-Tropicana new merger bid

BY JAY PALMER

KELLOGG AND Tropicana, two of America's biggest names at the breakfast table, have resumed their on-again, off-again merger talks. Two earlier attempts to finalise a merger agreement, in 1974 and 1976, broke down and this marks the third try.

Progress seen for banks

EARNINGS of major U.S. banks in the second quarter of this year should show marked improvement on the 1976 second quarter, though they may produce only a modest increase over this year's first quarter, analysts here believe, reports Reuter.

Tropicana, the largest of Florida's fruit-juice producers, stressed in its brief statement that the renewed talks did not signal in any way a preliminary agreement. "We are willing to sit down and talk to anyone," a spokesman said. "That is all there is to it—at this time."

Morgan Stanley acquisition

MORGAN Stanley and Co. Incorporated, and Shuman Agnew and Co. Inc., have agreed in principle for the combination of Shuman Agnew with Morgan Stanley.

UMM seeks court protection

NEW YORK, July 12. By Our Own Correspondent NEW YORK, July 12.

UNITED MERCHANTS and Manufacturers, the financially troubled owner of the "Robert Hall" chain of retail clothing stores, this morning filed for Chapter 11 bankruptcy. The move, which seeks court protection for the group while it attempts to restructure, follows a week of meetings between the company's senior management and the biggest creditors.

Mellon income tops \$33m. in first half

MELLON NATIONAL Corporation net income after securities transactions rose 14.8 per cent. in the first half of the year to \$33.3m., from \$29.1m. in the same period last year.

German exports to U.K. up 18%

FRANKFURT, July 12. By Our Own Correspondent.

WEST GERMANY'S exports to Britain were up almost 18 per cent. in the first five months of 1977 compared with the same period of last year. But while the Federal Republic's sales in the United Kingdom are still up, January-to-May increase shows a powerful surge, the far outstrips its average 8.16 per cent. expansion in overall exports.

Austrian companies

VIENNA, July 12. SHAREHOLDERS of two Austrian paper and pulp companies Leykam and Brilgermeister have agreed to a final merger. Leykam reported a turnover of Sch.2.5bn. last year and a net profit of Sch.18m., while Brilger posted a net loss of Sch.3.4m. on aggregate sales to the tune of Sch.608m.

Sales growth slowing at Dynamit Nobel

BY GUY HAWTIN

DYNAMIT NOBEL, the chemicals, plastics and explosives manufacturer, reported that the recovery of 1975/76 appears to be becoming more shaky. The Flick Group subsidiary revealed that last year's rapid growth in sales has slowed substantially.

FRANKFURT, July 12. DYNAMIT NOBEL, the chemicals, plastics and explosives manufacturer, reported that the recovery of 1975/76 appears to be becoming more shaky.

German exports to U.K. up 18%

By Our Own Correspondent.

WEST GERMANY'S exports to Britain were up almost 18 per cent. in the first five months of 1977 compared with the same period of last year. But while the Federal Republic's sales in the United Kingdom are still up, January-to-May increase shows a powerful surge, the far outstrips its average 8.16 per cent. expansion in overall exports.

German exports to U.K. up 18%

FRANKFURT, July 12. On a five-month average, however, West Germany still had 5.2 per cent. of the U.K. import share compared with 4.77 per cent. during the same period of 1976.

NOTICE OF REDEMPTION

To the Holders of NEW ZEALAND

9 1/4% Bonds due 1982 (due August 15, 1982)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Agent for the Issuer, is hereby giving notice of redemption on August 15, 1977, at 100% of the principal amount thereof through operation of the Sinking Fund, \$2,000,000 principal amount of said Bonds bearing the following distinctive numbers:

Table with columns for bond numbers and distinctive numbers. Includes entries like 36-1 3076 6827, 36-1 3077 6828, etc.

On August 15, 1977, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment thereof of public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10013, or at the option of the holder to any duly authorized agents or representatives applicable thereto, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or Bank Mess & Hope NV in Amsterdam or Credit Industriel d'Alsace et de Lorraine in Luxembourg.

Bonds surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due August 15, 1977, should be detached and collected in the usual manner. From and after August 15, 1977, interest shall cease to accrue on the Bonds hereinafter designated for redemption.

EUROBONDS

Buyers move out of the market

BY MARY CAMPBELL

IN MARKED contrast to last week's conditions, buying interest seems to have disappeared from the U.S. dollar sector of the market and prices are drifting lower where there is any change.

Among recent issues, AMEV in particular is down—it was quoted yesterday at around 94-98, well down on the price level of 100-103 at which it opened last Friday and down also on the Friday's price of 99-100.

Considerable interest will focus today on Selection Trust's issue, where there is a strong possibility of a coupon cut even after the increase in the size of the issue from \$40m. to \$50m.

IN FIRST time dealings yesterday, the issue of \$50m. closed in the 94-98 range, after starting somewhat higher. It had been priced at par on Monday.

The buying spree in 17-marks continues. The coupon on Montreal's DM150m. ten-year issue has been up about 10 per cent. with the issue price being set at par. It was quoted around par yesterday.

SELECTED EURODOLLAR BOND PRICES

Table listing bond prices for various countries and maturities. Includes columns for Country, Maturity, Bid, Offer, and Price.

NOTICE OF REDEMPTION

To the Holders of NEW ZEALAND

9 1/4% Bonds due 1982 (due August 15, 1982)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Agent for the Issuer, is hereby giving notice of redemption on August 15, 1977, at 100% of the principal amount thereof through operation of the Sinking Fund, \$2,000,000 principal amount of said Bonds bearing the following distinctive numbers:

Table with columns for bond numbers and distinctive numbers. Includes entries like 36-1 3076 6827, 36-1 3077 6828, etc.

On August 15, 1977, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment thereof of public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10013, or at the option of the holder to any duly authorized agents or representatives applicable thereto, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or Bank Mess & Hope NV in Amsterdam or Credit Industriel d'Alsace et de Lorraine in Luxembourg.

Bonds surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due August 15, 1977, should be detached and collected in the usual manner. From and after August 15, 1977, interest shall cease to accrue on the Bonds hereinafter designated for redemption.

HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND

July 13, 1977

NOTICE OF REDEMPTION

To the Holders of NEW ZEALAND

9 1/4% Bonds due 1982 (due August 15, 1982)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Agent for the Issuer, is hereby giving notice of redemption on August 15, 1977, at 100% of the principal amount thereof through operation of the Sinking Fund, \$2,000,000 principal amount of said Bonds bearing the following distinctive numbers:

Table with columns for bond numbers and distinctive numbers. Includes entries like 36-1 3076 6827, 36-1 3077 6828, etc.

On August 15, 1977, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment thereof of public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10013, or at the option of the holder to any duly authorized agents or representatives applicable thereto, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or Bank Mess & Hope NV in Amsterdam or Credit Industriel d'Alsace et de Lorraine in Luxembourg.

Bonds surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due August 15, 1977, should be detached and collected in the usual manner. From and after August 15, 1977, interest shall cease to accrue on the Bonds hereinafter designated for redemption.

HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND

July 13, 1977

Austrian merger finalised

BY PAUL LENDVAY

SHAREHOLDERS of two Austrian paper and pulp companies Leykam and Brilgermeister have agreed to a final merger. Leykam reported a turnover of Sch.2.5bn. last year and a net profit of Sch.18m., while Brilger posted a net loss of Sch.3.4m. on aggregate sales to the tune of Sch.608m.

SCAPA GROUP

Points from Mr. J. R. Hindle's report on the year 31 March:

- * Earnings increased by 84%.
* Exports from UK exceeded £10m.
* Over 75% of Group Turnover achieved outside the UK.
* Current year commenced with healthy order book.

Summary of results table comparing 1977 and 1976 figures for Turnover, Profit before tax, Profit after tax and minorities, Dividends, and Earnings per share.

Scapa Group Limited, Cartmel Road, Blackburn, Lancs, BB2 2SE

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Concern in Japan over trading company loans

BY YOKO SHIBATA

TOKYO, July 12.

PARIS, July 12. CREDITS AND credit guarantees extended by Japanese trading companies have swollen rapidly...

relationship between a trading company and its affiliate clients involves the supply of raw materials to subsidiaries...

SLA chooses McDonnell Douglas at \$410m.

By H. F. Lee

SINGAPORE, July 12

SINGAPORE AIRLINES (SLA) has announced its decision to purchase four McDonnell Douglas DC 10-30 aircraft to replace its ageing Boeing 707s.

Battle for control of South African wholesaler

BY RICHARD ROLFE

JOHANNESBURG, July 12.

THE TWO major food producing groups in South Africa, Tiger Oats and Premier Milling, are competing for control of the fast-growing cash wholesaler Metro Cash and Carry...

Six banks join forces in plan for international consortium

BY MICHAEL VAN OS

AMSTERDAM, July 12.

PLANS ARE well advanced for six leading European co-operative banks, with combined assets of \$200bn, to set up a consortium to co-ordinate their relatively young international activities.

CSR final offer in sugar fight

BY OUR OWN CORRESPONDENT

SYDNEY, July 12.

DIWERSIFIED AUSTRALIAN sugar giant CSR made a last-ditch attempt today to break a deadlock in negotiations with Japanese sugar...

The Japanese argue that the Australian debt to another Australian firm, Beaver Finance Pty., is a metric tonne is steep compared with the current world price of \$175 a ton.

Landesbank Giro plan

BY MICHAEL VAN OS

AMSTERDAM, July 12.

LANDESBANK Rheinland-Pfalz Girozentrale in West Germany, Girozentrale, the central savings bank in each State, they also plan to set up own offices outside their home area to service clients abroad.

Market trading falls in Denmark

BY MICHAEL VAN OS

COPENHAGEN, July 12.

TURNOVER of bonds and shares on the Copenhagen Stock Exchange fell in the first half-year compared with the same period last year, according to a half-year report from the Stock Exchange writes Hilary Barnes from Copenhagen.

Money rates trim Triumph

BY JOHN WICKS

ZURICH, July 12.

GROUP TURNOVER of Triumph International Spieshofer and Braun KG, of Zurzach, Switzerland, rose by 2.3 per cent last year to Sw.Fr.776m.

after tax increased over the year to Sw.Fr.8.5m. (Sw.Fr.8.6m.). At the end of last year the Zurzach firm became the sole parent undertaking of the group when it took over the stock of Triumph International Holding GmbH, of Munich.

OK Oljekonsumenternas förbund U.S. \$50,000,000 involving U.S. \$ Acceptance Credit Facility. Includes logos for SCAPAD and logos of participating banks like MBROS BANK LIMITED and ANDINAVISKA ENSKILDA BANKEN.

AUMAR Autopistas del Mare Nostrum, S.A., Concesionaria del Estado. DM 60,000,000. MEDIUM TERM LOAN. THE SPANISH STATE. Includes logos for AUMAR and logos of participating banks like BANCO CENTRAL S.A. and BANQUE INTERNATIONALE A LUXEMBOURG S.A.

French energy saving plan PARIS, July 12. THE FRENCH Energy Saving Agency is launching a scheme to help companies purchase equipment for reducing energy consumption.

Further 2 off on economic worries \$ improves

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

BY OUR WALL STREET CORRESPONDENT

PRICES SLIPPED today, further line which has been temporarily in fairly active trading on Wall Street to-day, reflecting waning investor confidence in the longer-term strength of the economy.

2200; each said Spain's pesetas and Philips each improved about 10% on their operations. Greynold Lines, 17 1/2, Daan Development, 21 1/2 and Northern Telecom, 24 each rose 1/2, while Hucky Oil, 30 1/2, Geostar 23 1/2, Home Oil "B", 22 1/2, and Sandwell "A", 31 1/2 each added 1/2.

MILAN—The market continued to decline in lacklustre trading. Vienna—Slightly higher. Flinders, however, scored a slight gain to 189.25. Electricals—Slightly higher. HONG KONG—Slightly higher in this trading.

Conditions were much quieter in the foreign exchange market yesterday, with the U.S. dollar closing at around its best level against most major currencies.

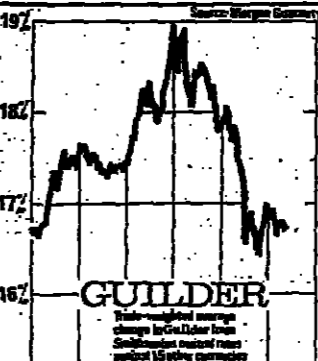


Table with columns for Gold prices, including Gold Bullion, Gold Bars, and various international gold prices.

TUESDAY'S ACTIVE STOCKS

Table listing active stocks with columns for Stock Name, Price, Change, and Volume.

OTHER MARKETS

Canada up again Canadian Stock Markets made further progress in active trading yesterday, with the Toronto Composite Index rising 3 1/2 to 1044.6.

RIGHTS RATES

Table showing rights rates for various currencies and markets.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones index data for New York, including 1977 and 1978 data.

Y.T.S. ALL COMMON

Table showing Y.T.S. All Common index data for various regions.

EXCHANGE CROSS-RATES

Table showing exchange cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies.

STANDARD AND POORS

Table showing Standard and Poors index data for various sectors.

INVESTMENT PREMIUM

Table showing investment premium based on \$2.60 per £-101% (1111%).

GERMANY

Table showing German market data for various stocks.

TOKYO

Table showing Tokyo market data for various stocks.

OVERSEAS SHARE INFORMATION

Large table providing detailed share information for various international companies, including stock names, prices, and changes.



IRMING AND RAW MATERIALS

es losing U.K. beet sugar crop may break previous record

By JOHN EDWARDS, COMMODITIES EDITOR
BRITAIN'S SUGAR beet crop this year could produce a record total of 1.1m. tonnes of white sugar, according to authoritative trade estimates...

Brazil crop fears boost cocoa

By Richard Mooney
LONDON COCOA futures prices moved up to new all-time peaks yesterday in the face of heavy speculative buying...

PORTUGUESE AGRICULTURE Land reform runs into trouble

BY DIANA SMITH IN LISBON
THE ABRUPT expropriation of two British-owned farms added a further, confused dimension to the muddle that is Portuguese agriculture...

Novel plan for new-look CAP

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
FUNDAMENTAL changes in the Common Agricultural Policy were proposed by Prof. John Marsh, of Aberdeen University...

New cut in Colombian coffee deposit

By Our Commodities Staff
NEWS OF a further cut in Colombia's coffee export deposit was reported yesterday...

Europe's beef 'mountain' growing

BY OUR COMMODITIES STAFF
THE COMMON Market's beef 'mountain' is 50,000 tonnes bigger than at this time last year...

Soya hits year low

Current crop U.S. soyabean were on sale yesterday at \$235 a tonne of Rotterdam/Hamburg...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Commodity, Unit, Price, and Change. Includes items like Wheat, Barley, and various oils.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Grains, and Oils.

SUGAR

Table with columns for Sugar type, Price, and Change. Includes London Daily Price and various grades.

U.S. Markets

Table with columns for Commodity, Price, and Change. Includes Soybeans, Corn, and other U.S. market items.

ntiCommodity HEAT & FLOUR OUTLOOK AVAILABLE—WRITE OR PHONE

ENTIAL PROPERTY NORFOLK Thickethorn Hall

Knigh Frank & Rutley 20 Hanover Square London W1R 0AH

COFFEE RUBBER SOYABEAN MEAL

MEAT/VEGETABLES COCOA

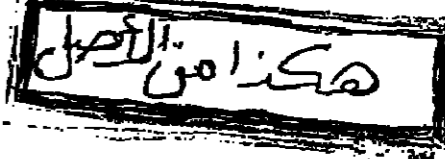
GRAINS

WOOL FUTURES

FISH MEETING

JUTE

FINANCIAL TIMES REUTERS QOW JONES MOODY'S



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for fund names, managers, and performance metrics.

Table listing insurance, property, and bond products, including company names and policy details.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions.

Conference? Seminar? Company Meeting? Reception? Film Preview? Advertising Presentation?

Text describing services for conferences, seminars, and company meetings, including venue and catering options.

FINANCIAL TIMES CINEMA

Text providing information about cinema screenings and related services.

NEW HIGHS AND LOWS

Table listing new high and low points for various unit trusts and funds.

ACTIVE STOCKS

Table listing active stocks and their performance metrics.

NEW HIGHS AND LOWS

Table listing new high and low points for various unit trusts and funds.

ACTIVE STOCKS

Table listing active stocks and their performance metrics.

NEW HIGHS AND LOWS

Table listing new high and low points for various unit trusts and funds.

ACTIVE STOCKS

Table listing active stocks and their performance metrics.

NEW HIGHS AND LOWS

Table listing new high and low points for various unit trusts and funds.

ACTIVE STOCKS

Table listing active stocks and their performance metrics.

CLIVE INVESTMENTS LIMITED advertisement with contact information and investment options.

CORAL INDEX: Code 44-449 advertisement.

INSURANCE BASE RATES advertisement with a table of rates for property, life, and other insurance.

STEEL
from John Williams
it pays
CARDIFF 33622

AUSTINS DEWSBUR
For service with a smile,
and STEEL of course.
Tel. (0924) 46517

Post Office still plans to axe second letter delivery

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST Office is sticking to long-term plans to cut the second letter delivery in spite of a denial issued earlier this year that no further action would be taken and that no further planning on this was being undertaken.

Details of the proposed cuts are the Post Office's latest postal business plan, which contains projections for the business over the next ten years.

The plan accepts that letter traffic, which has been declining steadily since 1967-68 will not increase over the next decade.

The parcel service, which has made a loss in all but one of the past 21 years and which last year ran up a deficit of £42.8m., must become self-supporting within three years, says the plan.

But it warns that if the corporation's current pricing policy is frustrated by Government intervention, the Post Office will be

forced to withdraw from the parcels market altogether. Such a withdrawal could threaten 17,000 jobs in the corporation.

The postal business plan makes it clear that withdrawal would not be the preferred course of action. But the only alternative would be to run the service at Government request with a formal contract for specified services at a price covering all costs and allowing a profit.

If the service can be made viable, however, the Post Office feels there is ample scope for development. A "sleekly organized" parcel service, which fully covered its costs, would provide a sound platform from which to invade the markets of less efficient carriers.

But one of the most controversial points of the plan is the Post Office's continued commitment to single mail deliveries.

Present delivery arrangements must be rationalized, says the business plan, "to avoid the serious waste of manpower inherent in the current system of two deliveries a day."

The long-term plan to do away with the second delivery is allied closely to the Post Office's aim of a sharp and continuing improvement in productivity over the next decade.

Reliance on mechanisation—which has produced far fewer savings than originally expected in the early 1960s—and existing manpower savings will help restore the productivity that has been lost in the past ten years. But they will not be enough by themselves.

In each of the last two years, the postal service has reduced its workforce by 3,300. But the plan suggests Post Office manpower should be reduced by a further 25,000 over the next 10

years. It aims to ensure the abandonment of second deliveries is phased to avoid redundancies.

Even on pessimistic assumptions, the postal business can be maintained as a viable concern, says the plan. But major problems remain.

It is scathing about changes in Government policy on pricing over recent years. It attributes many difficulties of the last decade—deficits—rose from £54.1m. in 1973 to £306.8m. in 1976, before moving back into growing surplus in the last two years—long periods of un-economic pricing and subsidies followed by the sudden return to economic pricing.

Costs must now be rigorously contained, says the plan, keeping prices at their lowest level. They must not be allowed to rise to a significantly higher rate than the retail price index.

New drive against vans from Japan

By Terry Dodsworth, Motor Industry Correspondent

THE MOTOR INDUSTRY is mounting an offensive against Japanese vehicle imports following the rapid increase in sales of imported vans and pickups in the past 18 months.

This new initiative, undertaken with the full knowledge of the Department of Trade, may easily reopen the acrimonious war of words which broke out between the British and Japanese industries over car imports two years ago.

Since then the car import issue has been resolved by the understanding that the Japanese manufacturers will limit their imports to Britain to 10 per cent of the market. But a new rift has emerged because of the belief in the British industry that the Japanese have stepped this informal agreement on trading restraint by switching their efforts to small commercial vehicles.

As at the time of the car imports row, U.K. manufacturers claim that the rapid build-up of Japanese commercial vehicle sales—almost 7 per cent of the U.K. van market—is disrupting domestic manufacturers.

If this continues, the companies say, it may lead to political and trade union pressure for formal curbs on Japanese imports, a development which would be in no one's best interest.

These arguments have been put to Mr. Edmund Bell, the Trade Secretary, by a team from the Society of Motor Manufacturers and Traders within the past fortnight.

After this, meeting the society sent a letter to the Japanese Automobile Manufacturers' Association, indicating the industry's view that the Japanese should exercise voluntary restraint in this area.

The degree of Japanese penetration of the high commercial vehicle sector is another striking illustration of the speed with which they move into an overseas market.

Datsun and Honda are established as the third and fourth largest importers in this field, after Chrysler and Volkswagen, despite the fact that Datsun began bringing in its vehicles only two years ago and Honda last autumn.

Mazda and Toyota are established importers in this sector, and Colt, which began car imports two years ago, plans to add light commercials in the near future.

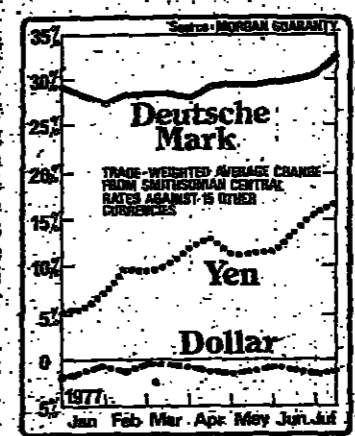
Mr. George Turnbull, the former British Leyland managing director, had talks yesterday with the National Enterprise Board about a possible consultancy arrangement in the future to look at the affairs of his former company.

The NEB denied that Mr. Turnbull would be offered either a Board position or an executive role in the organisation, and said that he would not join Leyland. It is understood that Mr. Turnbull, who is a tax exile following a three-year spell working in the South Korean motor industry, is thinking of establishing a consultancy company in the U.K.

Overseas scope for Wilkinson Match

THE LEX COLUMN

Index rose 6.5 to 446.3



When British Match merged with Wilkinson Sword, the logic emphasised diversification and foreign sales. But the status of a "major force in the international consumer goods field" is still a long way off in terms of overseas earnings. The U.K. has provided 42 per cent of operating profits—totaling £15.3m. in the year to March (29 per cent in the 1973-74 merger year). And matches are making 49 per cent of profits (38 per cent at the time of the merger) despite being bracketed now with the loss-making lighter business.

But the international potential is there, with all the post-merger sales growth overseas. The problem area is North America, with the lighters and pens operations being restructured and losses being suffered on book matches in Canada. Despite an improvement in Brazil, operating profits from the Americas are just £1.4m. on sales of £55.7m.

But whatever the split (and one of the original diversifications which has come off well is the safety and protection division, responsible for one-third of the profits increase) Wilkinson Match has now ridden out the slump in consumer spending which hit it right after the merger and these are the most convincing overall profits so far.

With interest charges slightly down, the pre-tax figure is 90 per cent ahead at £12.95m. With no net losses on disposals, attributable earnings more than doubled to £4.6m.

While it can hold its share against Gillette and Bic in its razor markets, and it arguably has an easier time in many of its match markets than its major shareholder, Swedish Match, losses on lighters and writing instruments are Wilkinson Match's major headaches.

The competition, including Gillette and Bic in these areas too, is formidable. But reserves have been increased to £14m. —mainly on a property revaluation—and at 156p the yield is 8.4 per cent.

Commercial Union

Commercial Union's decision to sell its subsidiaries in Austria and Germany—was the two group stresses—taken well before the recent shake-up in its top management, and it does not herald the start of any major programme of divestment around the world. But the disposals

Meyer indicates that April was poor June was satisfactory.

Lower money rates mainly help. The pair both cases in 1976-77, higher interest charges second six-month trading profits which at the first-half level of £7.68m. at half-time finished with £14.2m. full year, while Inter-£6.58m. compares with after six months and £1m. for 1975/76.

International achievements recovered from very low in most of its trading, including a big £4.4m. round by its troubled pen operations. They have been falling from a depressed level, and saying—in the context of a slight overall fall in how much of a part by stock appreciation, though taking the opportunity to cease providing for tax, releasing £11.5m. services. This gives a chance to free £4.9m. will out of the balance certainly a sensible respect of the 50 per cent in Hallam Group, whose share of losses was 0.7 (though other associated parties almost offset this).

Both groups have sign increased their debt a past year, and with a looking trickier, (at least private housebuilding convincing upturn), of yield over 9 per cent, triggering aspect is. It recently acquired stake per cent in Internat expressing contentment International's higher

Currencies

The devaluation of the yen was a long expected, the foreign exchange and scarcely detracts from the major trend, the appreciation yen and the devalued against the dollar, still latter in fact had, despite yesterday's still holding steady as dollar and pressure in the rate could be, once the pay deal are resolved and the payments strengthens.

Devaluation talk in centre once again on Scandinavian currencies.

Timber

The timber trade has faced more difficult conditions in recent months, with consumption well down on 1976 levels—by over one-tenth, according to official statistics—and prices steady after last year's surge which helped to push a useful amount of stock appreciation into published results. A nervous eye is being kept on the Scandinavian currencies, further devaluation of which could make timber prices turn a little soft. Still, the two sector majors which reported yesterday claim not to be very worried by these difficulties, for International Timber has produced little changed profits for the first quarter, and Montague, L.

Commission to look at discounts

By Elinor Goodman, Consumer Affairs Correspondent

THE MONOPOLIES Commission is to look at the system of discounts given by suppliers to retailers.

It will try to establish how far these discounts are related to cost savings and whether they operate in the public interest.

The investigation will cover the whole field of discounts, but is likely to concentrate on the grocery retailing sector. Because they buy in bulk, big supermarket groups are often able to get much better terms from manufacturers than independent shops, even though it is not always cheaper to supply the supermarkets.

The reference, which is the sixth general inquiry into a trading practice the Commission has been asked to carry out, was announced yesterday by Mr. Robert Maclean, Parliamentary Under Secretary for Prices.

U.S. law

It follows the Commission's report last November on the frozen food market, which questioned the merits of some discount arrangements, particularly when not directly related to savings involved in servicing the larger customers.

In some countries, including the U.S., trade discounts have to be related to cost savings by law, so big retailers are prevented from getting better terms than their smaller competitors simply because they are buying in bulk.

Some organisations representing small shopkeepers in Britain would like to see similar protection introduced here.

Mrs. Sally Oppenheim, Opposition spokesman on prices and consumer protection, has suggested that limitation on discounts may be needed.

Many big retail groups, some of whom have grown by exploiting their buying muscle both to buy and sell more cheaply than their competitors, would argue that freedom to negotiate the biggest discounts allows them to offer the best prices to the public.

Carter implies favour for neutron bomb

BY JUREK-MARTIN, U.S. EDITOR

WASHINGTON, July 12.

PRESIDENT CARTER to-day implied he was in favour of the controversial neutron bomb, but stated he had not yet decided whether to deploy the weapon, which kills personnel by radiation while causing minimal blast damage to installations.

Mr. Carter said that he thought the neutron bomb, considered a tactical rather than a strategic device, would not affect the current strategic arms limitation talks (SALT) with the Soviet Union.

Noting that the bomb "should be one of our options," he observed that the destruction it could cause "would be less than the destruction from an equivalent weapon of other types."

He promised that before backing deployment he would order a complete study of the weapon, which he would send to Congress.

At present, funding of an unspecified amount for work on the neutron bomb is contained in a Public Works Bill.

Earlier, Senator Robert Byrd, the majority leader, gave the impression that the President's support for the weapon was absolute.

Although his remarks did not quite live up to Senator Byrd's advance billing, the White House confirmed that Mr. Carter had sent a message to Congressional leaders supporting the appropriation of funds.

Although the bomb has already been successfully tested at facilities in the Nevada Desert, deployment would also require consultations with other NATO countries. The U.S. defence establishment is known to feel that the weapon, which can be delivered either through artillery shells or as a warhead, in the latter case, could be especially suitable as an anti-tank device.

Opponents of the neutron bomb have been threatening some form of obstruction in the congress, perhaps in the form of a filibuster. They have argued that it is inhuman in conception,

over rated as a weapon, a complicating factor in the SALT talks, and, perhaps most important, dangerous because it lowers the threshold of nuclear warfare.

As it stands at the moment, only the President of the United States is empowered to order any form of nuclear strike. But since the neutron bomb is a tactical device, useable in a relatively confined space, and not a major strategic weapon, power to order its use would presumably be vested in a local commander in the field.

President Carter addressed himself to some of these concerns and repeated his belief that ownership and use of atomic weapons was "a horrifying prospect" and therefore a deterrent to their use.

U.S. General Alexander Haig, NATO's European Commander, said to-day that the proposed neutron bomb is needed to modernise the Alliance's armory.

Salisbury warns on settlement

BY TONY HAWKINS

SALISBURY, July 12.

RECENTLY warning that there would be no Rhodesian settlement unless Britain had a "complete change of mind on several fundamental issues," the Salisbury Government yesterday threw cold water on optimistic reports of progress in the present Anglo-American settlement initiative.

In a newspaper interview, a Rhodesian Government spokesman accused the Anglo-American negotiating team which visited Salisbury last week-end, of "misrepresenting" its talks with the Rhodesian Government during a Press briefing here.

The Government spokesman said that the leaders of the negotiating team—Mr. John

Graham of the Foreign Office and Mr. Stephen Low, U.S. ambassador to Zambia—had been reported as saying their talks had gone very well, and that the position was "quite the reverse."

"It is important that this should be said for we cannot be party to building up false hopes in the minds of Rhodesians," the spokesman added. Mr. Ian Smith, the Rhodesian Prime Minister, had made it "very clear" to the envoy that he was "disappointed and dissatisfied" with what they had brought to Salisbury.

The Anglo-U.S. team had been putting up suggestions that were "completely outside the parameters" initially agreed by Mr.

Smith and Dr. David Owen, British Foreign Secretary.

The spokesman said Mr. Graham had taken back a "very clear and precise" message to Dr. Owen, pointing out the need for a fundamental change of heart on his part on such issues as the need to retain the confidence of the white Rhodesians.

Unless there was such a change of heart, there was "no hope" of a settlement.

The "all is well" attitude espoused by Mr. Graham and Mr. Low when they met the news media was "completely wrong and misleading," the spokesman said, and it had therefore been necessary to "set the record straight."

EEC pressure on S. Africa likely

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 12.

IN A MOVE spurred by their growing anxiety at developments in Southern Africa, EEC Foreign Ministers agreed to-day, to explore practical ways in which investments by European companies in South Africa could be curtailed to bring about economic and social changes there.

The idea was proposed by Dr. David Owen, British Foreign Secretary, at an EEC political co-operation meeting here.

He suggested that EEC governments consider adopting a "code of conduct" for the South African subsidiaries of European companies and should also study means of preventing "sanctions-busting" by affiliates of European oil companies which are alleged to have supplied oil illegally to Rhodesia.

The Foreign Secretary said "code of conduct" should aim at ensuring that South African subsidiaries of European companies act to eliminate pay differentials between black and white employees, practice fair employment policies and permit their black workers to join unions.

A joint move by the Nine would bring more positive results than the largely ineffective unilateral code of conduct instituted by Britain several years ago.

But he conceded that legal complexities could make it difficult to implement the code and said that it was unlikely to be backed by legislation in individual EEC countries.

Mr. Henri Simonet, Belgian Foreign Minister and president of the EEC Council of Ministers, said after the meeting that the possibility of the Nine imposing economic and commercial sanctions against South Africa could not be excluded.

The option was dismissed as inadvisable by Dr. Owen, though he said that the Community should see whether it could bring pressure to bear on South Africa through its common commercial policy.

Sanctions are also opposed by several other EEC governments, particularly France and Germany.

Weather

U.K. TODAY
WARM except in E. London, S.E., S.W. Cent. S. England, Midlands, S. Wales, Channel Isles
Scattered thundery showers, sunny intervals, wind light, N.E. Max. 20° (85°).
E. Anglia, E. and N.E. England, Borders
Mostly cloudy, occasional drizzle. Wind light, N.E. Max. 18° (64°).

N.W. Cent. N. England, N. Wales, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Sunny periods, wind light, N. Max. 22° (72°).
N.E., N.W. Scotland, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth
Mainly dry, bright intervals. Wind light, N. Max. 13-14° (54-57°).
Orkney, Shetland
Mainly dry, bright intervals. Wind light, N. Max. 10° (50°).
Outlook: Mostly dry and warm. Some rain in W. later.

BUSINESS CENTRES

Area	Today	Yesterday
Amsterdam	15.5	15.5
London	15.5	15.5
Paris	15.5	15.5
Frankfurt	15.5	15.5
Geneva	15.5	15.5
Brussels	15.5	15.5
Madrid	15.5	15.5
Barcelona	15.5	15.5
Valencia	15.5	15.5
Bilbao	15.5	15.5
Seville	15.5	15.5
Granada	15.5	15.5
Malaga	15.5	15.5
Barcelona	15.5	15.5
Madrid	15.5	15.5
Valencia	15.5	15.5
Bilbao	15.5	15.5
Seville	15.5	15.5
Granada	15.5	15.5
Malaga	15.5	15.5

HOLIDAY RESORTS

Area	Today	Yesterday
Algeria	25.5	25.5
Barcelona	25.5	25.5
Bordeaux	25.5	25.5
Boston	25.5	25.5
Casablanca	25.5	25.5
Cape Town	25.5	25.5
Geneva	25.5	25.5
Hong Kong	25.5	25.5
London	25.5	25.5
Lyons	25.5	25.5
Madrid	25.5	25.5
Manila	25.5	25.5
Mexico	25.5	25.5
Montreal	25.5	25.5
Osaka	25.5	25.5
Paris	25.5	25.5
Rome	25.5	25.5
Singapore	25.5	25.5
Tokyo	25.5	25.5
Washington	25.5	25.5
Zurich	25.5	25.5

ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE

Sanwa Bank advertisement with logo and contact information.

Continued from Page 1

Grunwick

spokesman, went further than before in accepting the right of an individual not to belong to a trade union. Previously Mr. Callaghan has avoided antagonising his left-wing by declaring too open a commitment to Mr. Prior, who has not always seen eye to eye with Thatcher on the issues of union recognition and the closed shop.

Mr. Callaghan said he had always taken the view that there was a right not to belong when he was a trade unionist himself. But this was not the same as insisting on certain conditions over the closed shop, as the Conservative Party had done in the past.

There were angry shouts from the Labour benches when Mr. John Goss, the Conservative MP who has been advising Mr. Ward, suggested that there was no obligation whatever on ACAS to consult the majority of workers in a dispute.

He wondered in this case whether there was a blamish in the law, and whether a change should be made.

The Prime Minister retorted that he hoped Mr. Goss would advise "those he has been consulting" to accept the High Court verdict. "As that tiny dispute magnified out of all knowledge can be put into the background."

The High Court decision was hailed as a "splendid victory" by Mr. Roy Grantham, AFEX general secretary. It would, he said, discourage other small firms from following in Grunwick's footsteps, but the company was still trying to avoid a conclusion "that is not acceptable to it."

Continued from Page 1

Iran against oil rise

decided here about oil prices in 1977, and there could be differences when members meet in five months' time. But here the determination not to see the organisation split again is very evident.

Having spent most of the morning session on budgetary and administrative matters, the 13 delegations this evening began discussions on the potentially thorny question of price differentials for the heavier crudes and also the possibility of formulating a joint production plan.

The raising by Saudi Arabia of the price of its 34 degree Arabian Light "marker" oil to \$12.70 in principle brought prices into

line, but left discrepancies. However, the 31 degree Arabian Medium is 5 cents cheaper than the Kuwaiti equivalent, and 17 cents below the rival Iranian crude. Arabian heavy is no less than 22 cents less than Kuwait oil from the neutral zone.

This morning, Dr. Amouzgar said: "On relative values we see the point of view of Kuwait." He pointed out that the aggregate increase announced by Saudi Arabia for its heavier crudes amounted to less than 10 per cent, compared with 1976 levels.

In practice, Arabian Medium is 9.2 per cent up at \$12.22 and Arabian heavy is 8.8 per cent up at \$12.02.